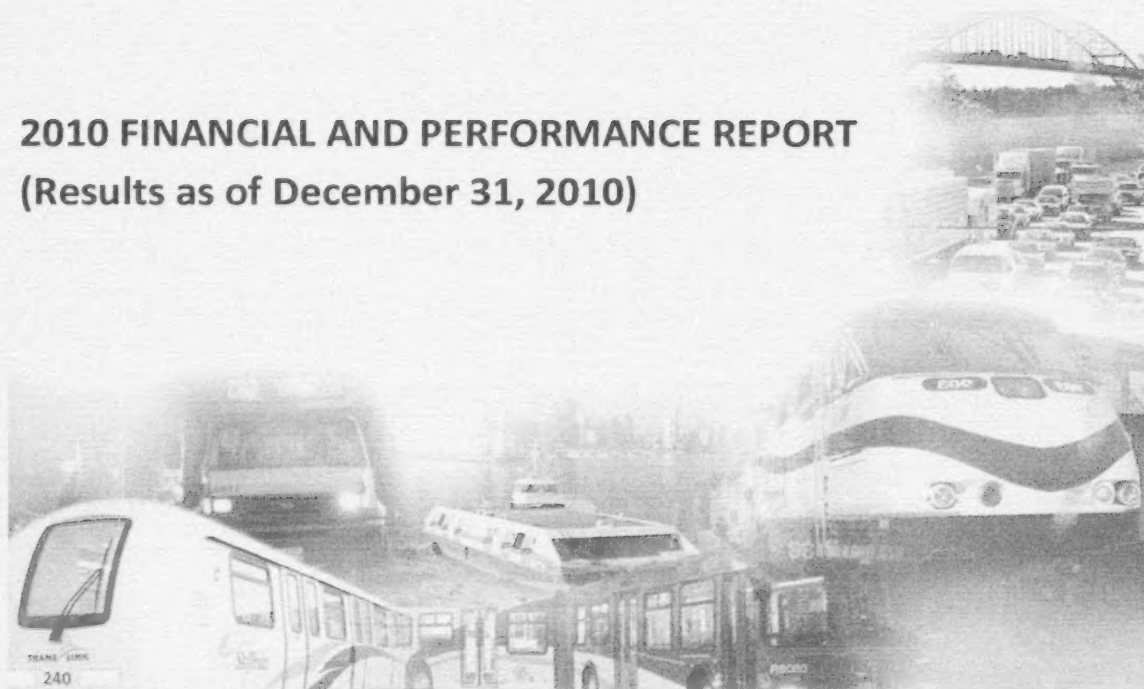




2010 FINANCIAL AND PERFORMANCE REPORT
(Results as of December 31, 2010)



EXECUTIVE SUMMARY

The year 2010 was significant for TransLink on many levels. In February, TransLink employees across the organization came together to deliver a successful transportation plan for the 2010 Olympic Winter Games and received high praise from the local and international media, Olympic Games organizers, and residents and visitors who used the system. This success signified to the region what can be done with improved transportation resources and a motivation for changing travel behaviour. In addition to providing 80,000 additional service hours and carrying 30% more riders per day than normal, TransLink's transportation demand management division worked with businesses, schools and others to achieve an average 36% weekday peak reduction in travel to downtown.

Following the Olympic Games, TransLink implemented a single corporate vision of "a better place to live built on transportation excellence," as well as a new mission statement and set of values that embody the entire TransLink family of companies. These were developed with input from employees across the organization. This move was part of the corporate re-organization process that began in December 2009 and continued through 2010, with goals to increase organizational alignment, reduce duplication and overlap, and increase the efficiency and effectiveness of the organization while maintaining a strong customer focus.

In 2010, TransLink's overall performance rating by customers climbed to its highest level ever, in large part due to the success of the Olympic Games period. Complaints per 10,000 boarded passengers on the conventional system remained flat. Access Transit complaints per 10,000 boarded passengers improved in 2010, but are still higher than pre-labour disruption (October 2010 – January 2011) levels in 2006 to 2008. The contractor is continuing to work with operators to improve service delivery by focusing on the problem areas.

Under the Funding Stabilization Plan approved in 2009, service for 2010 and onward was frozen at 2009 levels (excluding the Olympic Games period) after annualizing additions in 2009, most notably the Canada Line and an additional 48 vehicles for the Expo and Millennium line. With a focus on increasing efficiency and effectiveness of the organization while new funding sources are identified to move the region towards Transport 2040 goals, TransLink set ambitious targets for cost reductions of \$30 million as part of the 2010 budget. TransLink met and exceeded targets, turning a \$79-million deficit into a \$16-million surplus. Transit operations contributed \$27 million in addition to the budget target reduction of \$23 million. Increased revenues came mainly from parking sales tax and fuel tax revenue while cost savings came from reduced interest and debt payment costs, transit service costs, unused contingency, and roads and bridges costs. This resulted in a cumulative funded surplus of \$328 million at the end of 2010.

The operating cost per passenger kilometer held constant with 2009 levels and the operating cost per vehicle kilometre grew by 2.1%, in line with inflation. Both measures have seen a slowing rate of growth from the pre-2009 levels, signifying that the focus on efficiency and effectiveness is taking hold.

1. OPERATING ACTIVITY AND PERFORMANCE – CONSOLIDATED TRANSIT SERVICE

Selected operating results and key performance indicators are shown in the table below. TransLink evaluates the performance of its operations using key performance measures that are linked to its goals, objectives and strategies.

CONSOLIDATED TRANSIT SERVICE (INCLUDING OLYMPICS)	2006	2007	2008	2009	2010	2010	Target Variance		Compound
	Actual	Actual	Actual	Actual	Actual	Target	Fav./ (Unfav.)	%	Annual Growth Rate 2006-2010
CUSTOMER									
Conventional System									
Overall Performance Rating (out of 10)	7.3	7.1	7.0	7.3	7.6	n/a	-	-	1.0%
Complaints per 10,000 Boarded Passengers	0.9	0.9	0.9	0.8	0.9	0.9	-	-	0.0%
Access Transit									
Overall Performance Rating (out of 10)	-	-	-	-	7.8	n/a	-	-	-
Complaints per 10,000 Boarded Passengers	1.7	1.5	1.6	12.2	8.8	n/a	-	-	51.5%
SERVICE									
Conventional System									
Service Hours	5,117,216	5,390,058	5,644,385	5,985,368	6,382,059	6,350,183	31,876	0.5%	5.7%
Total Kilometres	118,373,509	122,293,689	127,667,055	137,826,503	151,425,272	149,464,141	1,961,131	1.3%	6.3%
Revenue Passengers	165,073,203	172,069,507	178,796,367	187,912,227	211,346,152	202,034,599	9,311,553	4.6%	6.4%
Boarded Passengers	282,767,989	294,007,449	302,407,473	313,290,937	347,236,870	341,091,914	6,144,956	1.8%	5.3%
Operating Cost per Passenger Kilometre	\$0.29	\$0.30	\$0.32	\$0.35	\$0.34	\$0.36	\$0.02	5.6%	4.1%
Operating Cost per Total Vehicle Kilometre	\$4.75	\$5.08	\$5.39	\$5.51	\$5.56	\$5.70	\$0.14	2.5%	4.0%
Average Fare per Revenue Passenger	\$1.82	\$1.84	\$1.94	\$1.89	\$1.94	\$2.03	(\$0.09)	(4.4%)	1.6%
Operating Cost Recovery	54.7%	52.5%	52.0%	48.2%	51.9%	49.5%	2.4%	4.8%	(1.3%)
Passenger Injuries per 1 Million Boarded Passengers	0.45	2.56	3.05	3.91	3.62	3.52	(0.10)	(2.8%)	68.4%
Access Transit									
Service Hours	519,480	548,858	592,433	515,435	593,840	598,000	(4,160)	(0.7%)	3.4%
Revenue Passengers	1,260,245	1,308,321	1,365,447	1,218,017	1,332,917	1,411,883	(78,966)	(5.6%)	1.4%
Boarded Passengers (Including Taxi Passengers)	1,364,891	1,416,686	1,490,407	1,343,052	1,465,747	1,556,740	(90,993)	(5.8%)	1.8%
Operating Cost per Revenue Passenger	\$21.56	\$23.11	\$26.50	\$33.17	\$34.03	\$32.57	(\$1.46)	(4.5%)	12.1%
Operating Cost per Service Hour	\$52.30	\$55.10	\$61.09	\$78.38	\$76.39	\$76.90	\$0.51	0.7%	9.9%
Passenger Injuries per 1 Million Boarded Passengers	-	10.59	6.71	10.42	16.37	n/a	-	-	-

2010 Highlights and Trends

CUSTOMER

Overall service rating (conventional system) – The average score was 7.6 out of 10 at the end of 2010. This score is higher than the same period one year ago and the previous three years. The percentage of customers who rate the service between eight and 10 was 60.9% in 2010 compared to 53.4% in 2009, a 14% increase. Contributing to this positive trend is the improved perception of overcrowding on Expo and Millennium line SkyTrain service, likely a result of the 48 new cars and TransLink's performance during the Olympic Games.

Remedial action is recommended on attributes that fall below an average rating of seven out of 10, or a good-to-excellent rating by less than 50% of respondents.

The key transit system attributes that fell below the mark in 2010 are listed below, along with the enterprise-wide or operationally-specific strategies and areas responsible for addressing them.

- Value for money (6.9/10): Develop/implement strategies to improve customer awareness and support – TransLink's roles and responsibilities for regional transportation.
- Adequacy of transit information at stops and stations (6.8/10): Complete and implement revisions to the corporate wayfinding strategy – Corporate and Public Engagement (Enterprise Marketing) initiative for 2011.
- Adequacy of transit information on transit vehicles – bus (6.7/10): Complete and implement revisions to the corporate wayfinding strategy – Corporate and Public Engagement (Enterprise Marketing) initiative for 2011.
- Having enough bus shelters at bus stops throughout the region (6.4/10): Ongoing work with the municipalities on new/improved bus shelter facilities.

Complaints per 10,000 boarded passengers (conventional system) were 29,812 transit service complaints against 347.2 million boarded passengers; an increase of 16% in complaints over 2009. The corresponding increase in total passenger volumes was 11%. With complaints increasing faster than ridership, *complaints per 10,000 boarded passengers* increased slightly to 0.9 in 2010.

While there has been some fluctuation year over year in the total number of complaints between 2006 and 2010, the compound annual growth rate is 5.3% (24,236 total complaints in 2006; 29,812, total complaints in 2010). Although there has been a 23% increase in boarded passengers from 2006 to 2010 (282.8 million to 347.2 million), overall complaints per 10,000 boarded passengers has remained constant over five years. This constant result can be attributed to better, more frequent service, closer examination of issues that cause customer complaints, as well as organization-wide measures that incorporate customer feedback into a variety of programs and processes to improve overall service levels for all services. You would expect this to decrease, however a stronger focus on asking for customer feedback has likely resulted in an increase in complaints.

Overall service rating (Access Transit) was very well-rated with two thirds (66%) of customers who have used the service in the past month rating it 8 or higher out of 10 for overall service (an average score of 7.8 out of 10).

HandyDART receives very high marks (90% or higher) on a number of service attributes such as driver-related service, including Driver's Skills to Assist Passengers with a Physical Disability and Courteous, Competent and Helpful Driver.

Complaints per 10,000 boarded passengers (Access Transit) were significantly reduced over 2009 (down 21.1%), but still significantly higher than previous years. The spike in complaints in both 2009 and 2010 was primarily related to the October 25, 2009 – January 11, 2010 labour dispute between the service provider and its employees. The resolution of the labour dispute and staff efforts with MVT Canadian Bus Inc. resolved many service-related issues, which are expected to further reduce complaints from passengers using the system.

CONVENTIONAL SYSTEM

Service hours and revenue passengers are the key drivers for transit operating activity.

Actual service hours delivered was 6.5% higher compared to target in 2010 due to additional hours provided before, during and after the Olympic Games. Actual service hours delivered increased 6.6% (397,000 hours) in 2010 over 2009, and the compound annual growth rate (CAGR) between 2006 and 2010 is 5.7%. A total of 80,000 service hours were provided for the Olympic Games, an additional 204,000 hours for the annualized service of 48 additional MK II SkyTrain vehicles put into service in the latter half of 2009, and another 113,000 hours for the first full year of operation of the Canada Line increased service hours.

Revenue passengers was 4.6% above target in 2010 due to higher than expected ridership during the Olympic Games period as well as increased ridership post Olympic Games. Revenue passengers increased 12.5% over 2009 due to increased ridership associated with the Olympic Games, increased service capacity on the Expo and Millennium lines with the annualization of the 48 vehicles and the full year impact of the Canada Line service. Ridership in February 2010 was up 50.7% and 17.8% in March compared to 2009. Overall for 2010, bus ridership was down 0.5% over 2009 and would have been down 2.9% without the additional Olympic Games passengers. The main reason for the reduction in bus ridership was due to the shift of ridership from highly productive routes to the Canada Line. The bus service hours replaced by Canada Line were mainly deployed to provide improved local service that feeds into the Canada Line. Over time, the productivity of these redeployed services will improve as new ridership is attracted to the system. Canada Line ridership increased by 20.6 million with the full year of service, SkyTrain increased by 2.8 million and SeaBus increased by 500,000.

Boarded passengers was 1.8% higher than target in 2010, a 10.8% increase over 2009. The variance explanation is the same as revenue passengers.

Operating cost per passenger kilometer was \$0.34 (5.6%) below the target of \$0.36 for 2010. The compound annual growth rate is 4.1% over the past five years. Strong ridership growth combined with ongoing cost containment initiatives and lower fuel costs resulted in the lower actual rate compared to the target in 2010.

Operating cost per total vehicle kilometer was below target by \$0.14 or 2.5% in 2010. The compound annual growth rate since 2006 is 4.0%. In 2010, there was a combination of increased kilometers over target and lower than budgeted costs resulting from cost containment initiatives and lower fuel costs.

Average fare per revenue passenger was below target by \$0.09 at \$1.94 for 2010. The 2010 actual average fare per revenue passenger was \$0.05 higher than 2009. The majority of transit fare revenues come from farebox, FareSavers and Monthly FareCards. Two notable changes were farebox revenue at 26.1% of total transit fares in 2010, compared to 24.8% in 2009 and Monthly FareCards accounted for 34.3% of total transit fares in 2010, compared to 36.6% in 2009. TransLink's Revenue Management Committee has and will continue to implement initiatives to increase visibility and enforcement of fare checking, as well as preparing a social media communication strategy. Longer term, TransLink will look at expanding fines and improving their collection and implementing electronic fare cards in 2014. The committee will also continue to focus on revenue optimization and in-depth analysis.

Operating cost recovery was 51.9% of transit operating costs in 2010 (transit revenue includes fares, advertising and miscellaneous revenue). This was 4.8% higher than the target for 2010 and 7.7% higher than 2009. Over the last five years, the recovery rate declined significantly (from 54.7% to 48.2%) before improving in 2010. The trend shows that costs are growing at a higher rate than transit revenue, despite the fare increases in 2008 and 2010.

Passenger injuries per one million boarded passengers was reduced by 7.4% in 2010 over 2009, and was 2.8% unfavorable to target. Passenger injuries were not tracked by all modes prior to 2007.

ACCESS TRANSIT

Service hours for Access Transit were kept within the budget target and were 4,000 hours below budget in 2010. As a demand-driven service, HandyDART ridership volumes have been slowly returning to levels prior to the labour dispute. Service hours have grown at a compound annual rate of 3.4% over the last five years.

Revenue and boarded passengers are both below target in 2010 by 79,000 (5.6%) and 91,000 (5.8%) respectively. Revenue passengers had a compound average growth rate of 1.4%, and boarded passengers had 1.8% over the last five years. Access Transit ridership is growing at a slower rate than the conventional system.

Operating cost per revenue passenger was over budget by \$1.46 or 4.5% in 2010 due in part to lower ridership numbers. With standardization in labour rates for all employees at the beginning of 2009, labour costs increased significantly by \$6.6 million over 2006. The contract with MVT includes provision to implement mobile technologies. The service provider also implemented longer dispatch hours to enhance the safety of passengers and established a centralized call centre. The TaxiSaver Program also experienced higher usage and costs in 2010 following the 2009 labour disruption.

Operating cost per service hour was better than budget in 2010 by \$0.51 (0.7%) mainly due to lower fuel and maintenance costs. The CAGR in service hours was 3.4% while costs per service hour has grown 9.9% due in part to investment in improved customer service with the Access Transit strategy that was implemented in 2009.

Passenger injuries per one million boarded passengers increased from 10.4 in 2009 to 16.37 in 2010. A higher than usual number of injuries occurred throughout 2010. Passenger injuries were not tracked in 2006. There are three main areas in HandyDART passenger handling that are prone to passenger injury occurrence: passenger securement on board vehicles, tripping on stairs, and tripping and falling while being escorted to/from bus and buildings. To mitigate these issues, MVT has improved securement processes and embarked on re-training all drivers on the securement systems. Driver training for 90% of all drivers occurred in September. Access Transit continues to support TransLink's efforts to find a viable low floor small bus to eliminate the steep steps that are currently the standard on HandyDART buses. MVT has been asked to focus their processes and driver training on the vulnerabilities of ambulatory customers when transiting between the bus and buildings.

2. REVENUES AND EXPENDITURES – TRANSLINK ENTERPRISE

The following table compares 2010 actual results to the approved budget and provides five years of actual data to examine trends. Appendix 1 provides a more detailed breakdown of revenues and expenditures compared to budget.

2010 Revenue and Expenditures Summary (On a Funding Basis) \$000's									
millions of dollars	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Revenues									
Transit	309.6	327.8	359.9	366.7	437.9	436.0	1.9	0.4%	9.1%
Golden Ears Bridge Tolls	-	-	-	11.3	29.6	29.0	0.6	1.9%	n/a
Real Estate	-	-	-	0.0	-	-	-	-	n/a
Taxation	553.9	568.6	560.1	575.8	689.8	673.2	16.6	2.5%	5.6%
Interest Income	7.3	8.0	6.5	1.7	2.1	2.1	0.0	0.3%	(26.7%)
Senior Government contributions	-	-	-	7.5	19.3	18.9	0.4	2.0%	n/a
Total Revenues	870.8	904.4	926.5	963.0	1,178.7	1,159.2	19.5	1.7%	7.9%
Operating Expenditures									
Roads & Bridges	35.2	35.8	37.5	43.6	44.6	48.4	3.7	7.7%	6.1%
Transit	556.0	594.5	662.0	732.9	808.9	836.1	27.2	3.3%	9.8%
TransLink	35.3	34.4	53.2	48.3	56.5	57.1	0.6	1.1%	12.5%
Provision for Contingencies and Reinvestments	-	-	-	-	-	11.2	11.2	100.0%	n/a
Transit Police	12.8	17.9	22.1	26.8	27.2	28.4	1.2	4.1%	20.6%
Interest	57.5	57.6	63.4	78.1	95.9	113.2	17.3	15.3%	13.6%
Depreciation	9.8	11.8	8.5	12.6	10.3	14.3	4.0	28.1%	1.2%
Debt Repayment	52.8	66.8	70.5	79.4	82.6	100.6	18.0	17.9%	11.8%
GEB Capital Payments	-	-	-	4.4	30.4	29.3	(1.1)	(3.9%)	n/a
Total Operating Expenditures	759.4	818.8	917.1	1,026.1	1,156.4	1,238.5	82.1	6.6%	11.1%
Other									
Re-Organization Costs	-	-	-	(3.1)	(2.0)	-	(2.0)	(100.0%)	n/a
Loss on Disposal of capital assets	(0.1)	(0.9)	(1.2)	(1.1)	(4.7)	-	(4.7)	(100.0%)	(345.6%)
Annual Funded Surplus/(Deficit)	111.3	84.7	8.2	(67.3)	15.6	(79.3)	94.9	119.7%	(38.8%)
Cumulative Funded Surplus	286.7	371.5	379.6	312.3	327.9	223.7	104.2	46.6%	3.4%

TransLink's legislation requires that it always maintains an accumulative funded surplus. Funded Statements capture the revenues and expenditures that determine the cumulative funded surplus. The specifics of the funding adjustment reconciliation to published financial statements is provided in Appendix 2.

REVENUES

Total revenues in 2010 were \$19.5 million above budget. Transit revenues were \$1.9 million above budget, Golden Ears Bridge toll revenue was \$0.6 million above budget, taxation revenues were \$16.6 million above budget and senior government operating contributions were \$0.4 million above budget.

Transit Revenues - \$1.9 million Favourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Transit - Fares									
Farebox	\$ 87,951	\$ 88,528	\$ 90,015	\$ 88,640	\$ 108,271	\$ 104,314	\$ 3,957	3.8%	5.3%
Prepaid	167,368	181,274	205,233	208,619	235,928	247,422	(11,494)	(4.6%)	9.0%
Prepaid Contract	46,261	47,906	53,335	59,258	68,689	60,947	7,742	12.7%	10.4%
Total Fare Revenue	301,580	317,708	348,583	356,517	412,888	412,683	205	0.0%	8.2%
Transit - Other	8,038	10,051	11,329	10,219	25,009	23,312	1,697	7.3%	32.8%
Total Transit	\$ 309,618	\$ 327,759	\$ 359,912	\$ 366,736	\$ 437,897	\$ 435,995	\$ 1,902	0.4%	9.1%

Ridership

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Target	Target Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Boarded Passengers	284,131	295,423	303,897	314,633	348,703	342,649	6,054	1.8%	5.3%
Revenue Passengers	166,333	173,377	180,161	189,130	212,679	203,446	9,233	4.5%	6.3%

2010 Highlights and Trend

Transit revenues totaled \$437.9 million in 2010 compared to \$366.7 million in 2009, with transit fares generating \$412.9 million in 2010 compared to \$356.5 million in 2009, and other transit revenues (advertising, property rentals, retail revenues, parking and miscellaneous revenues) totaling \$25.0 million in 2010 compared to \$10.2 million in 2009.

Transit Fares - \$0.2 million Favourable

Farebox revenues were \$4.0 million (3.8%) above budget and \$19.6 million (22.1%) higher than 2009. After one full year of operations and with no increase in tariff, Canada Line accounted for \$13.6 million of the increase in revenues year-over-year. The positive Olympic Games effect on revenues was estimated to be \$6.0 million by operations management after examining the actual revenues during the Olympic Games to same days of the week with similar weather conditions in the previous six weeks.

Prepaid fares were \$11.5 million (4.6%) unfavourable to budget. Prepaid fares consist mainly of FareSaver tickets, Day Passes, Monthly FareCards and Employer Pass Program passes.

- **FareSaver tickets** were \$0.2 million higher than budget and benefited from an increase in unit sales (attributable to a shift from the higher priced Monthly FareCard) and the fare increase which resulted in an increase of \$10 million or 18.3% over 2009. Other contributing factors included a run on FareSaver tickets in advance of the price increase (tickets have no expiry date) and the popularity of FareSaver tickets in use on the Canada Line for airport travel.
- **DayPasses** were \$1.4 million (70.2%) above budget and \$1.6 million (84.5%) higher than last year. Although the price for DayPasses were not subject to the fare increase, increased unit sales were attributed to the increase of riders during the Olympic Games and increased popularity of DayPasses for travel to and from the airport, in order to be exempt from the Canada Line YVR AddFare.
- **Monthly FareCard** revenues were \$15.3 million (9.8%) below budget. Unit sales were flat to 2009 hence the \$10.9 million (8.4%) increase over 2009 was attributable to the fare increase in April 2010. The original budget forecast was a 7.4% increase in pass sales volumes.
- **Employer Pass Program** was \$2.1 million (9.1%) above budget and \$4.7 million (22.5%) higher compared to last year. This increase was primarily due to the April 2010 fare increase, and a 12% growth in enrolment in the program over 2009.

Prepaid Contract revenue was \$7.7 million (12.7%) favourable to budget. Prepaid contracts are mainly made up of the Government Pass and U-Pass. There was only a small decrease in the Government Pass (\$0.1million). The majority of this variance to budget is due to the U-Pass program.

The U-Pass program was \$7.8 million above budget and \$7.8 million higher in 2010 compared to 2009, a 34.4% increase. In May 2010, the Province of British Columbia announced a new provincial U-Pass BC program, and has partnered with TransLink for the Metro Vancouver program, effective September 2010. As part of this new program, the Province has provided a contribution to TransLink of \$6.9 million to allow the program to continue to be revenue neutral. This amount was not part of the 2010 budget.

Transit Other - \$1.7 million Favourable

Transit other includes advertising, property rentals, retail revenue, parking and miscellaneous revenues. Advertising revenue was \$1.0 million (4.7%) above budget in 2010, and actual revenues were \$13 million higher than 2009 due to Olympic Games advertising revenues. Property rentals were above budget by \$0.4 million (63.3%) due to surplus Canada Line properties being leased, with another \$0.3 million increase from West Coast Express and other miscellaneous revenues. Removing the one-time revenue amount in 2010 for the Olympic Games, the compound annual growth rate was 9.1%.

Golden Ears Bridge Toll Revenue - \$0.6 million Favourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Golden Ears Bridge Tolls	\$ -	\$ -	\$ -	\$ 11,293	\$ 29,580	\$ 29,028	\$ 552	1.9%	n/a

Crossings

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Target	Target Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Crossings	-	-	-	3,461	8,699	8,049	650	8.1%	n/a

2010 Highlights and Trend

Golden Ears Bridge toll revenues slightly exceeded budget in its first full fiscal year of operations. The favourable variance was mainly the result of higher actual traffic volumes, particularly in the summer months, than was estimated in the budget. The impact of higher traffic volumes was offset by the higher than anticipated registered versus unregistered accounts, resulting in more discounted volumes than budgeted and, a provision for doubtful accounts that had not been budgeted for.

Volumes increased approximately 15% when compared to 2009 annualized traffic volumes. In 2010, there was a fairly consistent month-to-month increase in traffic volumes and associated revenues up to the peak in August, after which time traffic became consistent and decreased towards the winter months. The increase in the summer and decrease in winter appear to be seasonal trends associated with recreational-use vehicle traffic that will be experienced in future years.

Although the growth was a positive achievement, the challenge for TransLink will be to exceed this growth in the coming years to match the traffic volumes assumed in the initial traffic and revenue forecasts. In order to continue growing the traffic volumes, TransLink is initiating marketing strategies and research into alternative pricing methods in 2011.

Real Estate Revenue

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Real Estate	\$ -	\$ -	\$ -	\$ 33	\$ -	\$ -	\$ -	n/a	n/a

In 2010, market conditions improved over 2009, with economic forecasts indicating that recovery was occurring. There were no real estate transactions completed in 2010 and only minor activity in 2009.

Taxation Revenues - \$16.6 million Favourable

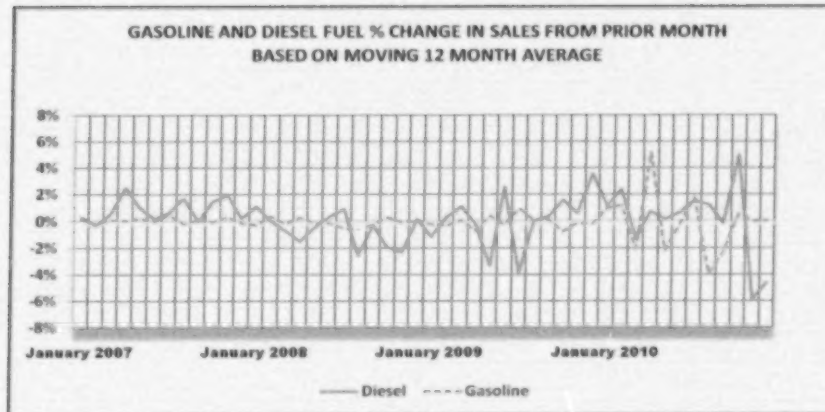
Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Fuel Tax	\$ 264,326	\$ 267,637	\$ 262,298	\$ 259,820	\$ 323,212	\$ 319,450	\$ 3,762	1.2%	5.2%
Property and Replacement tax	260,923	268,680	264,499	282,087	289,597	289,060	537	0.2%	2.6%
Hydro Levy	17,189	17,566	17,913	18,245	18,618	18,424	194	1.1%	2.0%
Parking Sales Tax	11,500	14,750	15,400	15,600	58,419	46,267	12,152	26.3%	50.1%
Total Taxation	\$ 553,938	\$ 568,633	\$ 560,110	\$ 575,752	\$ 689,846	\$ 673,201	\$ 16,645	2.5%	5.6%

2010 Highlights and Trend

Fuel tax revenues were \$3.8 million (1.2%) favourable to budget. The \$0.03 increase in price, from \$0.12 to \$0.15 per litre, took effect on January 1, 2010. Revenues increased by \$63.4 million (or 24.4%) compared to 2009 mainly due to the price increase in 2010. Although volume decreased in the latter months of 2010, the price increase more than offset this drop in sales. Budgeted diesel sales forecast a decline of 6% below 2009 levels, whereas actual 2010 sales volume (net of refunds and adjustments) was only -1% compared to 2009. Diesel sales volume shows a moderate decrease in early 2010 but experienced a major spike in September and October. Even though the price change increased revenues in 2010, diesel sales volume (net of refunds and adjustments) experienced the largest drop during November and December. Gasoline sales decreased slightly in the early months of 2010 compared to 2009 but experienced a dramatic spike upward in the months of April and May, while dropping back down during August and September.

The following graph illustrates the sales trend for the past four years, using a 12-month moving average. The 12-month average provides a stable comparative for trend analysis, smoothing out the impact of seasonality and adjustments. Compared to previous years, 2010 results were much more volatile.



Property and replacement tax was \$0.5 million (0.2%) favourable to budget. Property tax was \$0.7 million (0.3%) favourable due to the balance of budget allowance for adjustments from assessment appeals not fully utilized. Property tax revenues increased by \$7.7 million (or 2.9%) compared to last year. This is consistent with the 3% annual increase per the legislated maximum. The 2010 replacement tax revenue was \$0.2 million unfavourable to budget. Replacement tax rates were set in 2010 to collect the permitted \$18.0 million from all allowable property classes.

Parking sales tax was \$12.2 million (26.3%) favourable to budget. The parking sales tax increase from 7% to 21% took effect on January 1, 2010. Responsibility for administering the parking sales tax was transferred from the Province to TransLink effective July 1, 2010. The variance is due to the Province's review and revision of parking sales tax revenue levels to the end of June 2010 based on remittance information received in 2010. Under the direct administration of TransLink, additional parking vendors were identified, also resulting in greater revenues collected in 2010. TransLink's focus in 2011 will be to continue identifying and reaching out to vendors of parking sites that are not registered with TransLink and to establish and initiate an audit program over remittances to obtain assurance on tax compliance.

Hydro levy was \$0.2 million (1.1%) favourable to budget. The rate remained unchanged at \$1.90 per household. The increase mainly came from growth in the number of households.

Interest Income – On Budget

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Interest Income	\$ 274	\$ 1,816	\$ 6,480	\$ 1,722	\$ 2,102	\$ 2,096	\$ 6	0.3%	n/a

2010 Highlights and Trend

The 2010 funded interest income was in line with the budget. The funded interest income includes interest on debt reserve funds and unrestricted funds held at banks and exclude the interest earned on sinking funds for debt generally 10 years or longer and interest on restricted capital funds.

The increase in 2008 reflects higher overall cash balances, but also much higher short-term rates pre-financial crisis. Access to a commercial paper program provides the flexibility to manage cash balances.

Senior Government Operating Contributions - \$0.4 million Favourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Federal Capital	\$ 239,564	\$ 250,593	\$ 96,605	\$ 156,947	\$ 122,564	\$ 135,139	\$ (12,575)	(9.3%)	(15.4%)
Provincial Capital	17,200	58,400	111,400	13,050	4,270	12,057	(7,787)	(64.6%)	(29.4%)
Other Capital	6,858	14,928	9,065	1,025	-	4,000	(4,000)	(100.0%)	-
Total Capital Contribution	\$ 263,622	\$ 323,921	\$ 217,070	\$ 171,022	\$ 126,834	\$ 151,196	\$ (24,362)	(16.1%)	(16.7%)
Operating - Canada Line	-	-	-	7,496	19,269	18,883	386	2.0%	-
GAAP Contributions	\$ 263,622	\$ 323,921	\$ 217,070	\$ 178,518	\$ 146,103	\$ 170,079	\$ (23,976)	(14.1%)	(13.7%)
Funding Adjustments	(263,622)	(323,921)	(217,070)	(171,022)	(126,834)	(151,196)	24,362	16.1%	(16.7%)
Funded Contributions	\$ -	\$ -	\$ -	\$ 7,496	\$ 19,269	\$ 18,883	\$ 386	2.0%	-

2010 Highlights and Trend

In 2010, a Funding Working Committee was established by TransLink Executive to co-ordinate and monitor funding programs and opportunities. Over the last five years, TransLink has received over \$1 billion dollars in contributions, mainly from the federal and provincial governments. Communication, financial tracking and reporting responsibilities under these programs have grown significantly in recent years.

Variances to the federal and provincial capital budget figures for 2010 are mainly attributed to the timing of the building Canada Fund (BCF) agreement. This agreement was not signed in 2010 and funds could not be claimed. BCF cash flow has been updated to start in 2011 and onwards. In addition, the Gas Tax (federal capital) contribution at \$122.5 million is \$2 million lower than budgeted which was an estimation based on the previous year's funds received from the Gas Tax.

Contributions are both project and program based. The Canada Line received \$550 million in funding to date with over \$200 million more to come by way of an operating contribution. Gas Tax funding has grown from approximately \$36 million in 2005 to \$122 million in 2010, for a total of \$431 million, and provides capital for projects that lower greenhouse gases, or improve air or water quality. Other program funding includes funding for public transit (\$74 million), the Transit Secure program (\$12 million) and the Urban Transportation Showcase (\$7 million).

Some of the future funding committed includes additional Gas Tax funding, the BCF, which provides for infrastructure improvements for the Expo Line, West Coast Express and for the fare gates/farecard project. Funding has also been committed by the federal and provincial governments for the Evergreen Line. Senior governments play an important role in providing funding to expand and upgrade the transit system.

OPERATING EXPENDITURES

Total operating expenditures were \$82 million below budget. Debt service cost savings accounted for 43%, transit cost savings provided 33%, an unused contingency budget accounted for 14%, with the balance distributed among all other areas of the organization.

Roads and Bridges – \$3.7 million Favourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Major Road Network Operations									
Maintenance and Rehabilitation	\$29,551	\$30,024	\$31,154	\$31,317	\$33,042	\$34,731	\$1,689	4.9%	2.8%
Golden Ears Bridge Operations	-	-	-	6,146	11,202	13,447	2,245	16.7%	n/a
Albion Ferry	5,632	5,750	6,318	6,152	385	175	(210)	(120.0%)	(-48.9%)
Total Roads and Bridges	\$35,183	\$35,774	\$37,472	\$43,615	\$44,629	\$48,353	\$3,724	7.7%	6.1%

2010 Highlights and Trends

The operation, maintenance and rehabilitation funding rate for the Major Road Network (MRN) in 2010 was \$13,800 per lane kilometre, a 4% "inflation" increase over the 2009 rate. The positive variance in 2010 MRN operations was primarily attributed to delays in the addition of new or expanded road segments to the existing network. A comprehensive, multi-year review of the MRN is currently underway, which may result in network changes in the future. Additional positive variance can be attributed to the award of a maintenance contract for the Canada Line North Arm Bridge pedestrian/bicycle facility late in 2010 and the carry-over of repair works on Westham Island Bridge into 2011.

The positive variance in Golden Ears Bridge operations is primarily due to 2010 being the first full year of bridge operations. Allowances for traffic safety and other infrastructure improvements have not yet been fully subscribed, and a savings in insurance costs (\$0.3 million or 25.6%) was achieved relative to the previous year. Actual toll operating costs came in lower than budget, which was based on a financial model prepared prior to the opening of the bridge. Payments to the maintenance contractor were less than budgeted due to charges for travel lane closures associated with warranty work.

Albion Ferry ceased operating on July 31, 2009. The budget assumed the vessels would be sold by mid-year, but were not sold as of December 2010. As of February 2011, there was an offer to purchase the vessels; in the meantime TransLink continues to explore all options for disposing of the vessels.

Transit - \$27.2 million Favourable

BUS DIVISION - \$19 million Favourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Annual									
Coast Mountain Bus Operations									
Operating Costs	223,050	242,702	259,204	279,120	290,777	291,798	1,021	0.3%	6.9%
Maintenance Costs	102,616	115,085	128,892	145,323	142,187	153,138	10,951	7.2%	8.5%
Indirect/Administration Costs	34,642	34,569	42,088	44,927	42,184	39,414	(2,770)	(7.0%)	5.0%
Subtotal	360,308	392,356	430,184	469,370	475,148	484,350	9,202	1.9%	7.2%
Fuel Costs	41,344	40,217	53,116	41,441	45,429	52,701	7,272	13.8%	2.4%
Amortization	1,288	1,736	2,265	3,200	3,674	5,245	1,571	30.0%	30.0%
Total	402,940	434,309	485,565	514,011	524,251	542,296	18,045	3.3%	6.8%
Contracted Community Shuttle									
Operating Costs	1,544	1,696	1,997	2,525	2,688	2,739	51	1.9%	14.9%
Maintenance Costs	330	493	320	454	538	431	(107)	(24.8%)	13.0%
Indirect/Administration Costs	389	419	530	645	658	668	10	1.5%	14.0%
Subtotal	2,263	2,608	2,847	3,624	3,884	3,838	(46)	(1.2%)	14.5%
Fuel Costs	405	416	641	557	682	706	24	3.4%	13.9%
Amortization	-	-	-	-	-	-	-	-	-
Total	2,668	3,024	3,488	4,181	4,566	4,544	(22)	(0.5%)	14.4%
West Vancouver									
Operating Costs	5,051	5,275	5,961	6,961	6,781	7,049	268	3.8%	7.6%
Maintenance Costs	2,279	2,782	2,374	2,622	3,006	2,980	(26)	(0.9%)	7.2%
Indirect/Administration Costs	1,396	1,395	1,292	1,270	1,491	1,452	(39)	(2.7%)	1.7%
Subtotal	8,726	9,452	9,627	10,853	11,278	11,481	203	1.8%	6.6%
Fuel Costs	1,206	1,233	1,733	1,427	1,711	1,839	128	7.0%	9.1%
Amortization	-	-	-	37	62	104	42	40.4%	-
Total	9,932	10,685	11,360	12,317	13,051	13,424	373	2.8%	7.1%
Conventional Transit									
	415,540	448,018	500,413	530,509	541,868	560,264	18,396	3.3%	6.9%
Access Transit									
Operating Costs	16,289	17,407	21,736	23,066	23,970	23,836	(134)	(0.6%)	10.1%
Maintenance Costs	1,434	1,548	2,001	2,480	2,157	2,409	252	10.5%	10.7%
Indirect/Administration Costs	7,534	9,213	9,672	13,280	17,027	17,020	(7)	0.0%	22.6%
Subtotal	25,257	28,168	33,409	38,826	43,154	43,265	111	0.3%	14.3%
Fuel Costs	1,911	2,072	2,780	1,576	2,208	2,721	513	18.9%	3.7%
Amortization	-	-	-	-	-	-	-	-	-
Total	27,168	30,240	36,189	40,402	45,362	45,986	624	1.4%	13.7%
Total Bus Division									
Operating Costs	245,934	267,080	288,898	311,672	324,216	325,422	1,206	0.4%	7.2%
Maintenance Costs	106,659	119,908	133,587	150,879	147,888	158,958	11,070	7.0%	8.5%
Indirect/Administration Costs	43,961	45,596	53,582	60,122	61,360	58,554	(2,806)	(4.8%)	8.7%
Subtotal	396,554	432,584	476,067	522,673	533,464	542,934	9,470	1.7%	7.7%
Fuel Costs	44,866	43,938	58,270	45,001	50,030	57,967	7,937	13.7%	2.8%
Amortization	1,288	1,736	2,265	3,237	3,736	5,349	1,613	30.2%	30.5%
Total	442,708	478,258	536,602	570,911	587,230	606,250	19,020	3.1%	7.3%

2010 Olympic costs not included in the above as they have been transferred to TransLink:

	Actual	Budget		
CMBC	\$ 5,605	\$ 5,176	\$ (429)	(8.3%)
Contracted Community Shuttle	1			
West Vancouver	371	264	\$ (107)	(40.7%)
Conventional Transit	\$ 5,978	\$ 5,440	\$ (538)	(9.9%)

Key Performance Indicators

KPI's	2006	2007	2008	2009	2010	2010	Target Variance		Compound
	Actual	Actual	Actual	Actual	Actual	Target	Fav./ (Unfav.)	%	Annual Growth Rate 2006-2010
CMBC									
Delivered service hrs/scheduled	99.30%	99.10%	99.52%	99.85%	99.80%	99.50%	0.30%	0.3%	0.1%
Operating cost per service hour	\$ 99.78	\$ 102.04	\$ 108.34	\$ 108.93	\$ 111.49	\$ 115.17	\$ 3.68	3.2%	2.8%
Overall performance rating	7.4	7.4	7.4	7.5	7.6	7.5	0.1	1.3%	0.7%
Mean distance between vehicle failures ¹	3,159	3,484	16,519	21,422	28,935	20,000	8,935	44.7%	n/a
Preventable collisions per million kms ²	7.1	9.7	11.4	10.1	9.3	9.5	0.2	2.1%	n/a
Contract Community Shuttle									
Delivered service hrs/scheduled	100.00%	99.77%	99.90%	99.95%	99.98%	100.00%	(0.02%)	0.0%	0.0%
Operating cost per service hour	\$ 44.98	\$ 49.89	\$ 48.28	\$ 49.46	\$ 53.86	\$ 53.32	(\$ 0.54)	(1.0%)	4.6%
West Vancouver									
Delivered service hrs/scheduled	99.68%	99.72%	106.10%	99.83%	99.91%	100.00%	(0.09%)	(0.1%)	0.1%
Operating cost per service hour	\$ 92.12	\$ 92.71	\$ 95.26	\$ 92.75	\$ 95.96	\$ 100.03	\$ 4.07	4.1%	1.0%
Bus Division Conventional Transit									
Delivered service hrs/scheduled	99.32%	99.13%	99.68%	99.85%	99.80%	99.94%	(0.14%)	(0.1%)	0.1%
Operating cost per service hour	\$ 98.82	\$ 101.19	\$ 107.08	\$ 107.47	\$ 110.07	\$ 113.70	\$ 3.63	3.2%	2.7%
Complaints per 10,000 boarded passengers	1.03	1.09	1.10	1.05	1.40	1.24	(0.16)	(2.9%)	8.0%
Access Transit									
Operating cost per service hour	\$ 53.57	\$ 55.98	\$ 61.09	\$ 78.38	\$ 76.39	\$ 76.90	\$ 0.51	0.7%	9.3%
Operating cost per boarded passenger	\$ 23.08	\$ 24.81	\$ 28.46	\$ 35.23	\$ 35.41	\$ 33.00	(\$ 2.41)	(7.3%)	11.3%
Service Hours (Delivered) (000's)									
Conventional Bus	3,658	3,840	4,029	4,242	4,269	4,268	1	0.0%	3.9%
Community Shuttle	370	405	442	466	472	474	(2)	(0.4%)	6.3%
SeaBus	10	11	11	11	11	11	(0)	(0.1%)	1.8%
CMBC Total	4,038	4,256	4,482	4,719	4,752	4,753	(1)	0.0%	4.2%
Contract Community Shuttle	59	61	72	85	85	85	(0)	(0.5%)	9.3%
West Vancouver	108	115	119	133	140	137	3	2.2%	6.7%
Conventional Transit	4,205	4,432	4,673	4,936	4,977	4,976	2	0.0%	4.3%
Access Transit	519	549	592	515	594	598	(4)	(0.7%)	3.4%
Olympic Service Hours (000's) (included in Service Hours (Delivered) above)									
Conventional Bus					37.2	27.6	9.7	35.1%	
Community Shuttle					3.7	3.9	(0.3)	(6.7%)	
SeaBus					0.5	0.6	(0.0)	(3.1%)	
CMBC Total					41.5	32.1	9.4	29.3%	
West Vancouver					4.3	2.3	2.0	88.2%	
Conventional Transit					45.8	34.4	11.4	33.2%	

Notes:

¹ Calculation of KPI changed in 2008 - Prior to 2008: Road Calls included all Road Calls. Effective 2008 only Major Technical Failures are used.

² Calculation of KPI changed in 2007 - Prior to 2007: Collisions did not include pedestrian incidents.

All costs and service hours related to the 2010 Olympics are included in the above statistics

Coast Mountain Bus Company (CMBC) Operations

2010 Highlights and Trend

In 2010, a highlight was preparing for and delivering transit services for the Olympic Games in February and March. During the year, transit security and other service support staff were involved on a TransLink wide initiative on fare enforcement. Significant service changes included the restoration of trolley service on the Granville Mall. In addition, the first changes under the Service Optimization Initiative to improve route productivity, efficiencies and increase ridership were implemented.

In 2006, the new transit centre in Vancouver opened. Oakridge Transit Centre was decommissioned, but brought back into service in 2008 due to facility capacity constraints. In 2008, the Transit Road Related Infrastructure Program (TRRIP) costs were transferred from TransLink to CMBC as part of operations.

CMBC operations were \$18.0 million (3.3%) favourable compared to budget. The largest contributors were lower fuel costs of \$7.3 million with favourable diesel fuel price and usage variances, and lower than planned maintenance costs of \$11.0 million.

Operating costs were \$1.0 million (0.3%) favourable to budget. Operator wages were higher than planned due to increased staffing for Olympic Games service requirements and subsequent lower than expected operator retirements and attrition. These wage costs were offset by favourable variances in other expenditures including lower insurance costs of \$0.5 million due to a decrease in rates and deductibles, less new conventional bus operator training, higher than budgeted reimbursements for Olympic Games service costs, lower overtime and sick leave as well as lower salary costs due to vacant service salaried positions.

Maintenance costs were under budget by \$11.0 million (7.2%). Revenue vehicles maintenance materials accounted for \$7.4 million of this variance, which included lower activity for inventory repairs and overhauls, fewer brake relines and transmissions than planned and other general lower usages. Wages were \$3.2 million favourable mainly due to lower overtime. Utilities cost were favourable \$0.6 million due to weather conditions and new lower natural gas contract prices.

Indirect/administration costs were \$2.7 million (7%) unfavourable to budget. Costs include one-time increases of \$1.6 million for a future employee benefits actuarial adjustment, \$1.2 million for higher superannuation costs plus higher employee rehabilitation costs and annual vacation payouts. These increases were offset by salaried position vacancies and reduced spending in other expense categories.

Fuel costs for 2010 ended in a favourable variance of \$7.3 million (13.8%) with \$3.3 million due to \$0.08/litre lower diesel fuel market prices and \$3.5 million favourable diesel usage variance (3,085,000 fewer litres consumed) due to new hybrid buses, anti-idling initiatives, and an emphasis on better driving techniques through operator training. Environmental Services introduced a Vehicle Idling Reduction policy for all vehicles and an "Idle Free" campaign was undertaken across CMBC resulting in a 36% reduction in bus idling time and reduced fuel use and emissions. There was also a favourable variance of \$0.6 million on CNG due to lower prices and fewer kilometres.

Total fuel costs have risen from 2006 to 2010 by \$4.1 million or 10% (CAGR of 2.4%). Over this same time period, diesel fuel consumption has increased 2.4 million litres from service expansion offset by the increase in fuel efficient vehicles (litres/km consumption of 0.628 in 2006 to 0.562 in 2010); this amounted to a \$2.4 million usage variance. Diesel fuel market prices have fluctuated significantly year-over-year from 2006 to 2010, resulting in a price variance of \$2.1 million, including \$1.4 million in 2009/10 for the annual effect of the BC carbon fuel tax. In 2010 the average price paid per litre for diesel was \$0.05 higher than in 2006 but \$0.16 lower than 2008 when the market prices peaked.

Amortization costs have increased by \$2.4 million since 2006 with the growth of the CMBC subsidiary capital spending program from \$5.5 million in capital in 2006 to more than \$10.0 million in 2010. Amortization is \$1.6 million lower than budget due to lower spending on several major 2009 and 2010 capital projects and delays in completion of several more complex projects mainly related to the rectifier stations.

Key Performance Indicators

Operating cost per service hour was \$3.68 (3.2%) favourable to budget. Since 2006, the compound annual growth rate was 2.8%. Increases were driven by factors other than labour and general economic increases. These factors include depot and facility capacity constraints, requirements for shared services CMBC provides for the TransLink family, and skilled maintenance resources to implement and maintain new bus equipment such as new trolley and hybrid technologies, TMAC radio communications, GPS, on-bus cameras, power mirrors, bicycle racks, enunciators and power ramps and other accessibility features. Service expansion and associated operator, trade and front line support staff have impacted operations, service support, fleet maintenance, infrastructure management and support areas including human resources, training, payroll, customer information and business technologies.

Total expenditures have increased 30% (CAGR of 6.8%) from 2006 to 2010. Of the \$121 million increase, service expansion accounts for approximately 52% of the increase. Labour economic and contractual increases, including employer paid benefits, for operating and support staff account for approximately 38% of the expenditure increase.

Service hours delivered increased by over 714,000 hours or 18% with a compound annual growth rate (CAGR) of 4.2% from 2006 to 2010.

There was no service expansion in 2010 and the increase over 2009 represents the annual effect of 2009 service changes, and the one-time addition of Olympic Games related service.

The mean distance between vehicle failures favourable variance versus target and 2009 was a result of less major technical failures in 2010 due to the newer fleet. Prior to 2008, this measure included all road calls and since then, included only major road calls.

Contracted Community Shuttle & West Vancouver Blue Bus

2010 Highlights and Trend

Contract Community Shuttle was basically on budget (\$22,000 over) due to slightly higher than planned vehicle repairs. Expenditure increases over the last five years were \$1.9 million, the majority of which were due to service expansion (43%) and contractual wage increases. Four of five service contracts will be going out to request for proposals in 2011.

West Vancouver Blue Bus costs were \$0.4 million (2.8%) lower than budget mainly due to lower diesel fuel and operator wage costs. Expenditure increases since 2006 were \$3.1 million, due to service expansion, collective agreement wage increases, and additional facility-related maintenance.

Key Performance Indicators

Operating cost per service hour for contract Community Shuttle was 1% unfavourable to budget as service hours were slightly lower than budgeted. West Vancouver Blue Bus was 4.1% favourable to target, and service hours were above target while costs were below budget. The CAGR for West Vancouver was only 1.0%.

Access Transit

Seven mainly not-for-profit providers were amalgamated into a region-wide transportation service in 2009. The contract for this service includes the implementing mobile technologies, enhancing passenger safety with longer dispatch hours and establishing a centralized call centre.

A number of challenges continued to exist with the delivery of the HandyDART program, including fewer riders than planned in 2010, an unacceptable number of customer-cancelled scheduled trips without notice and a high ratio of subscription versus demand trips, which occur during peak travel times. Cancellations at the door and client no-shows significantly reduced productivity and increased costs. In 2010, HandyDART embarked on a management plan to reduce the factors, including a Door Hanger program, reminder letters and a demerit point based management plan. Technological improvements were introduced in the fourth quarter of 2010 to enhance the customer experience on HandyDART and improve program efficiency and effectiveness. Customers are provided with an automated trip confirmation telephone call the evening before a scheduled trip and they receive advance notice of the vehicle arrival.

Operating costs were \$0.1 million (0.6%) over budget. Insurance costs were \$0.3 million under budget. One-time costs related to the 2009/10 labour dispute, and facility relocation and set-up costs offset this favourable variance. The TaxiSaver program also experienced higher use and costs following the 2009 labour disruption.

Access Transit costs were \$0.6 million (1.4%) favourable to budget and increased \$18.2 million for the period 2006 to 2010 with a CAGR of 13.7% due to service hour increases over this period (CAGR of 3.4%), labour cost increases in 2008, and the introduction of HST in July 2010. The standardization of the labour rate to all employees under a single contractor resulted in an increase of \$6.6 million over 2006.

Maintenance costs were \$0.3 million (10.5%) under budget due to the depot consolidation, vehicle spare ratio reduction and better asset utilization.

Fuel costs were \$0.5 million (18.9%) below budget as a result of lower market prices.

Key Performance Indicators

Operating cost per service hour was \$0.51 (0.7%) favourable to target. The CAGR from 2006-2010 was 9.3% with most of the increase occurring with the implementation of the Access Transit strategy in 2008 to improve productivity, customer service levels and the effect of the labour disruption, which resulted in fewer services hours to cover the fixed costs.

Over time, productivity levels are expected to increase as the number of service areas declines from seven to one to improve the spare ratio and booking is centralized to allow for increased productivity per vehicle.

Operating cost per boarded passenger was 7.3% unfavourable to target mainly due to the lower than forecast ridership in 2010. Boarded passengers were 5.8% below the target.

Customer complaints per 10,000 boarded passengers were 13% unfavourable to 2009. The main complaint categories that increased in 2010 were about service delivery and staff.

RAIL DIVISION - \$7.4 million Favourable

Financial Performance

(\$000's)	2006	2007	2008	2009	2010	2010	Budget Variance		Compound
	Actual	Actual	Actual	Actual	Actual	Budget	Fav./ (Unfav.)	%	Annual Growth Rate 2006-2010
SkyTrain - Expo and Millennium									
Operations	\$20,251	\$21,666	\$22,750	\$23,533	\$23,205	\$23,730	\$525	2.2%	3.5%
Maintenance	36,132	37,621	41,168	42,705	44,008	45,742	1,734	3.8%	5.1%
Indirect/Administration	4,741	5,033	6,469	7,421	7,111	6,825	(286)	(4.2%)	10.7%
Subtotal	\$61,124	\$64,320	\$70,387	\$73,659	\$74,324	\$76,297	\$1,973	2.6%	5.0%
Fuel/Hydro Propulsion	7,570	7,550	8,000	8,577	10,303	11,240	937	8.3%	8.0%
Retail Revenue	-	(159)	(218)	(369)	(541)	(579)	(38)	6.6%	-
Post Employee Benefits	3,244	3,286	3,332	2,428	3,160	3,730	570	15.3%	(0.7%)
Amortization	1,198	1,265	1,182	1,732	1,446	1,398	(48)	(3.4%)	4.8%
Total	\$73,136	\$76,262	\$82,683	\$86,027	\$88,692	\$92,086	\$3,394	3.7%	4.9%
Canada Line									
Maintenance	-	-	-	\$197	\$502	\$472	(30)	(6.4%)	-
Indirect/Administration	-	-	-	498	603	824	221	26.8%	-
Subtotal	-	-	-	695	1,105	1,296	191	14.7%	-
Payments to InTransitBC	-	-	-	31,003	82,480	86,005	3,525	4.1%	-
Total	-	-	-	\$31,698	\$83,585	\$87,301	\$3,716	4.3%	-
Automated Light Rail Transit									
	\$73,136	\$76,262	\$82,683	\$117,725	\$172,277	\$179,387	\$7,110	4.0%	23.9%
West Coast Express									
Operations	\$8,565	\$8,871	\$9,472	\$9,960	\$10,015	\$10,297	\$282	2.7%	4.0%
Maintenance	3,407	3,584	3,733	4,015	4,519	4,055	(464)	(11.4%)	7.3%
Indirect/Administration	2,082	2,072	2,236	2,248	2,002	2,121	119	5.6%	(1.0%)
Subtotal	\$14,054	\$14,527	\$15,441	\$16,223	\$16,536	\$16,473	(\$63)	(0.4%)	4.1%
Fuel	856	919	1,190	808	984	1,339	355	26.5%	3.5%
Amortization	25	37	36	34	34	68	34	50.0%	8.0%
Total	\$14,935	\$15,483	\$16,667	\$17,065	\$17,554	\$17,880	\$326	1.8%	4.1%
Total Rail Division									
Operations	\$28,816	\$30,537	\$32,222	\$33,493	\$33,220	\$34,027	\$807	2.4%	3.6%
Maintenance	39,539	41,205	44,901	46,917	49,029	50,269	1,240	2.5%	5.5%
Indirect/Administration	6,823	7,105	8,705	10,167	9,716	9,770	54	0.6%	9.2%
Subtotal	\$75,178	\$78,847	\$85,828	\$90,577	\$91,965	\$94,066	\$2,101	2.2%	5.2%
Fuel/Hydro Propulsion	8,426	8,469	9,190	9,385	11,287	12,579	1,292	10.3%	7.6%
Retail Revenue	-	(159)	(218)	(369)	(541)	(579)	(38)	6.6%	-
Post Employee Benefits	3,244	3,286	3,332	2,428	3,160	3,730	570	15.3%	(0.7%)
Amortization	1,223	1,302	1,218	1,766	1,480	1,466	(14)	(1.0%)	4.9%
Payments to InTransitBC	-	-	-	31,003	82,480	86,005	3,525	4.1%	-
Total	\$88,071	\$91,745	\$99,350	\$134,790	\$189,831	\$197,267	\$7,436	3.8%	21.2%

Olympic costs are not included in the above as they have been transferred to TransLink:

	Actual	Budget	\$	%
SkyTrain - Expo/Millennium Line	\$ 1,348	\$ 1,372	\$ 24	1.8%
SkyTrain - Canada Line	1,174	1,001	(173)	(17.3%)
West Coast Express	347	491	144	29.4%
Total Rail Division	\$ 2,868	\$ 2,864	\$ (5)	(0.2%)

Additional Note: The Canada Line began revenue service in August 2009.

Key Performance Indicators

KPI's	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Target	Target Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
SkyTrain - Expo and Millenium Lines									
Service Reliability (% Service Hours Delivered)	99.5%	99.3%	99.3%	99.5%	99.6%	99.8%	(0.2%)	(0.2%)	0.0%
On Time Performance % (within 2 minutes)	94.1%	94.0%	94.7%	95.3%	95.3%	94.5%	0.8%	0.9%	0.3%
Operating Cost per Total Vehicle Kilometre *	\$2.00	\$2.08	\$2.30	\$2.31	\$1.98	\$2.11	\$0.13	6.3%	(0.3%)
Overall Mystery Shopper Score	89.3%	86.5%	86.1%	90.9%	91.9%	86.5%	5.4%	6.2%	0.7%
Complaints per 10,000 Boarded Passengers	0.06	0.05	0.04	0.05	0.05	0.05	0.00	(2.0%)	(4.5%)
Mean Distance Between Failures	n/a	222,438	219,632	224,937	369,022	210,000	159,022	75.7%	-
Collisions and Derailments / Million Kms	0.00	0.05	0.00	0.00	0.02	0.00	-0.02	-	-
Major Passenger Injuries per 1M Boarded Passengers	1.18	1.15	1.10	1.29	1.20	1.00	-0.20	(19.9%)	0.4%
Lost Time Frequency	2.6	2.6	4.0	3.0	2.4	2.2	-0.2	(10.6%)	(1.3%)
SkyTrain - Canada Line									
Service Reliability (% Service Hours Delivered)	-	-	-	100.0%	100.0%	100.0%	0.0%	-	-
Availability - Vehicle and Station	-	-	-	100.0%	100.0%	100.0%	0.0%	-	-
Perception of Security - Onboard and at Stations	-	-	-	8.4	8.6	8.5	0.1	1.3%	-
Collisions and Derailments / Million Kms	-	-	-	0.0	0.0	0.0	0.0	-	-
Complaints per 10,000 Boarded Passengers	-	-	-	n/a	0.23	-	-	-	-
Contract Adherence Monitoring	-	-	-	95.3%	95.7%	98.5%	(2.8%)	-	-
West Coast Express									
Service Reliability (% Service Hours Delivered)	99.9%	99.9%	99.7%	99.9%	99.9%	99.8%	0.1%	0.1%	0.0%
On Time Performance % (within 5 minutes)	97.1%	96.4%	97.7%	97.9%	97.2%	97.5%	-0.3%	(0.3%)	0.0%
Operating Cost/Total Vehicle Km	\$11.97	\$12.23	\$12.42	\$12.47	\$12.13	\$12.76	\$0.63	4.9%	0.3%
Net Operating Cost/Total Vehicle Km	\$12.37	\$12.46	\$12.58	\$12.72	\$12.16	\$12.86	\$0.70	5.4%	(0.4%)
Overall Mystery Shopper Score	87.8%	86.4%	84.8%	85.9%	89.2%	86.0%	3.2%	3.7%	0.4%
Complaints per 10,000 boarded passengers **	n/a	n/a	0.97	1.14	1.61	0.90	(0.71)	(79.3%)	-
Mean Distance Between Failures ***	n/a	n/a	n/a	151,805	189,350	152,000	37,350	24.6%	-
Collisions/million kms	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-
Major Passenger injuries per 1M Boarded Passengers	3.02	0.79	0.37	0.00	1.08	1.12	0.04	3.8%	(22.7%)
Lost Time Frequency	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Service Kilometres (000's) (Including Olympics)									
SkyTrain - Expo and Millennium Line	37,640	37,222	37,616	39,210	47,786	46,678	1,108	2.4%	6.1%
SkyTrain - Canada Line	-	-	-	2,205	6,200	6,093	107	1.8%	-
West Coast Express	1,247	1,266	1,342	1,365	1,476	1,498	(22)	(1.5%)	4.3%
Olympic Service Kilometres (000's) (Included in service kilometres above)									
SkyTrain - Expo and Millennium Line	-	-	-	-	1,230	1,191	39	3.3%	-
SkyTrain - Canada Line	-	-	-	-	50	58	(8)	(13.8%)	-
West Coast Express	-	-	-	-	62	59	3	5.1%	-

Notes: Olympics costs, hours and kilometres are all included in the above 2010 statistics.

Canada Line operations began in August 2009.

* operating cost are net of retail revenue and include costs allocated from TransLink.

** customer complaint data only collected since 2008, as well as a new customer service database being introduced in 2010

*** mean distance between failures data only collected since the beginning of 2009

SkyTrain – Expo and Millennium Lines

2010 Highlights and Trend

In January 2010, SkyTrain completed testing and commissioning of the final six cars from the 48 MKII car order to ensure their introduction into revenue service before the Olympic Games. The Expo and Millennium lines delivered 1.1 million additional vehicle kilometers during the Olympic Games and carried 3.6 million boarded passengers above the target set for February.

December 11, 2010 marked the 25th anniversary of the SkyTrain system. Paid-service launched on January 3rd 1986.

The increase in 2010 costs was largely a result of annualizing the impact of the 48 new cars, of which 42 were in service in the latter part of 2009 and the remaining six were in service in January 2010. The 2010 results exclude incremental costs charged back to TransLink for the 17-day Olympic Games period. Overall, 2010 costs were \$88.7 million, compared to a budget of \$92.1 million, or \$3.4 million under budget.

Operations costs were \$23.2 million in 2010 compared to budget of \$23.7 million, or \$0.5 million (2.2%) under budget. Salaries and benefits were \$353,000 under budget due to absenteeism of employees on short-term disability who received less than 100% of their wages. This savings was somewhat reduced by overtime costs to cover the gap to maintain minimum staffing level requirements. Recoveries were \$96,000 under budget due to the recaptured salary costs to provide support to the Evergreen Line project. In 2009, operating costs increased to support the expansion of the Operations and Maintenance Centre (OMC) and the expansion of the revenue vehicle fleet, including the hiring of 10 additional vehicle maintenance technicians. In 2010, costs increased due to the annualizing impact of the 48 new cars.

Maintenance costs were \$44.0 million in 2010 compared to budget of \$45.7 million, or \$1.7 million (3.8%) under budget. Salaries and benefits were \$354,000 under budget primarily as a result of absenteeism of employees on short-term disability who received less than 100% of their wages and one vacant position. Materials, expenses and consumables savings of \$299,000 were offset by an over-run in contracted services. Contracted services were \$334,000 over budget due to the linear induction motor meggering program for which SkyTrain took a proactive approach to identify motors with poor insulation readings, and initiated repairs to minimize equipment damage and help reduce system disruptions and delays. Recoveries were \$1.4 million higher than budget and consisted mainly of cost reimbursement for pre- and post-Olympic Games maintenance directly attributable to the extra kilometres run during the 17-day Olympic Games period. Also contributing to the recoveries were costs for work performed on behalf of Bombardier for the testing, commissioning and warranty of 48 new MKII vehicles as well as the recovery of salaries directly attributable to capital projects.

Indirect/administration costs were \$7.1 million in 2010 compared to budget of \$6.8 million, or \$0.3 million (4.2%) over budget. This overrun was primarily a result of a true up of licenses for Microsoft applications and servers, and additional computer upgrades. In 2008, head count was added to support the rail division re-organization that took effect December 1, 2007.

Fuel/hydro propulsion costs were \$10.3 million in 2010 compared to a budget of \$11.2 million, or \$0.9 million (8.3%) under budget. The electricity budget allowed for an anticipated 9.4% increase in hydro costs, compared to an actual increase of 6.11% by BC Hydro, resulting in an under-run of approximately \$0.3 million. Additional savings were due to lower than expected power and utilities costs for the expanded OMC and lower energy consumption. In 2009 and 2010, electricity costs increased due to expansion of the OMC and annualizing the impact of 48 new MKII cars.

Retail revenue was slightly under budget at \$0.5 million in 2010 compared to budget of \$0.6 million. This was a result of the cancellation of expected retail outlets at the Brentwood and Joyce stations due to high start up costs. Offsetting this was higher than expected revenue from automated teller machine (ATM) transaction volumes.

Post employee benefits were \$3.2 million in 2010 compared to budget of \$3.7 million. The favourable variance was due to a revision in the actuarial estimate for benefits provided to retirees caused by an increase in the long-term corporate bond rate.

Amortization was on target at \$1.4 million for 2010 compared to budget.

Overall, operating costs for the Expo and Millennium lines have increased consistently over the last five years, except for 2008 when rail re-organization occurred. These increases were largely a result of expanding the system and improving customer service.

Key Performance Indicators

Service reliability (% service hours delivered) in 2010 was 99.6%, and consistent with 2006 results. This is a significant achievement given that 2010 was the first full year of operation for the 48 new MKII vehicles but is below the target of 99.8%.

On-time performance % (within two minutes) in 2010 was trending upwards at 95.3% compared to 94.1% in 2006. This trend reflects SkyTrain's dedication to providing customers with timely and reliable service.

Operating cost per total vehicle kilometre result in 2010 of \$1.98 was the lowest cost in the past five years, even with inflation and the increase in electricity rates. At 55, the number of trains provided during peak service in 2010 remained unchanged from the 2009 level. However, with 48 new MKII vehicles available for service in 2010, additional capacity was provided through longer trains, taking the total vehicle kilometres from 39.2 million in 2009 to 47.8 million in 2010. The 2010 result was below the 2006 result of \$2.00 as costs stabilized down from the cost impacts of the rail re-organization and the OMC and fleet expansions.

Overall mystery shopper score results have improved consistently over the past two years.

Complaints per 10,000 boarded passengers have been consistently around 0.05 from 2006 through 2010.

Mean distance between failures results were consistent from 2007 to 2009 at an average of 222,000 km, and improved 66% to 369,000 km in 2010 as a result of proactive campaigns designed to target maintenance on components affected by seasonal conditions.

Collisions and derailments per million kilometres are an infrequent occurrence. SkyTrain has experienced two collisions and one derailment that caused damage in excess of \$10,000 over the last five years. One event occurred in 2010 on the King George Station tail track after all passengers had offloaded. SkyTrain conducted several comprehensive investigations to assess the cause of the accident, and SkyTrain is addressing the areas identified that warrant change. In 2007, another event was caused by debris at an area of the guideway at grade, which is more vulnerable to these types of intrusions than elevated areas. The risk to the at grade areas was mitigated by strategic placement of fencing and metallic link netting.

Major passenger injuries per one million boarded passengers in 2010 was up slightly since 2006, but lower than 2009. The most common cause of injury continues to be escalator/stair falls and slipping on platforms.

Lost time frequency at 2.4 in 2010 trended down from its peak of 4.0 in 2008 to below the 2006 results of 2.6.

SkyTrain - Canada Line

2010 Highlights and Trend

Fiscal year 2010 was the first full year of operations for the Canada Line after opening on August 9, 2009. Canada Line saw 2.3 million boarding's over normal levels during the Olympic Games. Overall, operating costs were \$83.6 million, compared to budget of \$87.3 million, or \$3.7 million (4.3%) under budget.

Maintenance costs of \$0.5 million in 2010 were in line with budget. The slight overrun was due to the annual maintenance service contract for the ticket vending machine (TVM) system.

Indirect/administration costs were \$0.6 million in 2010 compared to budget of \$0.8 million, or \$0.2 million under budget. These costs were under budget due to a vacant position and lower than expected consulting and legal costs.

Payments to InTransitBC was \$82.5 million in 2010 compared to budget of \$86.0 million, or \$3.5 million (4.1%) under budget. This favourable variance was due to an under-run on the special events budget and not needing to use the 3.0% contingency budgeted for operation and maintenance change orders.

Key Performance Indicators

Service reliability (% service hours delivered) is a measure of trip delivery within an allowable variance as provided through ProTrans' automatic train control system and as specified in the concession agreement. The 2010 result of 100% is in line with the target.

Perception of security - onboard and at stations in 2010 exceeded the 2009 results by 2.5%. In 2009, 77% of passengers gave a rating of eight to 10 for feeling safe onboard trains and at stations, while 2010 results indicated feeling safe onboard and in the stations of 81% and 85%, respectively.

Contract adherence monitoring has been in place since September 2009 to provide a measure of adherence to some of the concession agreement elements as well as to customer attitude and perception related to service provided, including those by TransLink related to Transit Policy, TVMs' ticket validating units (TVUs), and the customer service phone. The result in 2010 of 95.7% was below the target of 98.5%, but improved from 95.3% in 2009. Efforts were undertaken in 2010 at the program's one-year mark to further improve the effectiveness of the tool.

West Coast Express

2010 Highlights and Trend

In January, 2010 West Coast Express (WCE) completed the installation of new TVMs in time for the Olympic Games. WCE delivered 62,362 additional kilometres of revenue service during the Olympic Games and carried 27% more riders than in 2009. Average daily weekday ridership during the Olympic Games was 59% higher compared to 2009.

Seven new bi-level train cars were received in the last half of 2010. This project also included upgrading the Waterfront and Mission wayside stations, and expanding the layover yard. By the end of September, WCE increased operating capacity by 13.8%.

WCE ended 2010 with expenditures of \$17.5 million, \$0.3 million below budget. All costs directly related to the Olympic Games were charged back to TransLink.

Operations costs were \$10.0 million in 2010 compared to a budget of \$10.3 million, or \$0.3 million (2.7%) under budget. The most significant variance came from the fare collection system/maintenance with excess ticket stock not needing to be replenished, as well as the revised TVM maintenance plan to use existing parts until new electronic fare-cards and fare-gates are introduced. Operations costs grew by 0.6% in 2010 versus 2009. The increase was attributed to the HST impact, the CPI adjustment on Canadian Pacific Railway costs (over 70% of operations costs) and the operations of an additional five train cars during the latter part of the year. Savings were realized through lower snow removal costs and reduced maintenance expenses for new TVMs. Operations costs have grown 16.9% since 2006 for a compounded annual growth rate of 4.0%. The increase was mainly attributed to TrainBus service expansion costs and the new train cars added in 2010.

Maintenance costs paid to Via Rail for maintenance of the fleet were \$4.5 million in 2010 compared to budget of \$4.1 million, or \$0.4 million (11.4%) over budget. Maintenance costs were higher than budget and higher compared to 2009 due to \$0.5 million allocated to advance WCE's battery replacement and seat renewal program for the oldest train cars to improve system reliability and customer comfort. The increased costs since 2006 are attributed to the maintenance of an aging train fleet and the 2010 fleet expansion.

Indirect/administration costs were \$2.0 million in 2010 compared to a budget of \$2.1 million, or \$0.1 million (5.6%) under budget. Compared to 2009, indirect/administration costs decreased \$0.2 million, or 11.0%. The favourable budget variance and reduction from 2009 resulted from effective cost management and savings in customer service initiatives, business meetings, training, professional fees, legal and travel.

Fuel costs in 2010 were \$1.0 million compared to a budget of \$1.3 million, or \$0.3 million (26.5%) under budget. This was primarily the result of average diesel fuel prices in 2010 being \$0.82 per litre compared to \$1.10 per litre originally budgeted for. Compared to 2009, fuel costs increased by 21.8% in 2010 due to the increase in fuel costs of \$0.32 per litre in 2010 versus \$0.69 per litre in 2009, as well as additional fuel required to operate the new train cars.

Amortization of station improvements was unchanged compared to last year. Amortization was less than budget as all capital improvements budgeted for 2010, including the Transit Secure project, were recorded and amortized by TransLink.

Key Performance Indicators

Service reliability (% service hours delivered) exceeded the target at 99.9%. May and September were the only months where the target of 99.8% was not achieved because of debris on tracks due to extreme weather. Cancellations due to weather cannot be anticipated but WCE has continued to maintain consistent service reliability since 2006 (only 2007 was below target).

On-time performance (% within five minutes) of 97.2% year-to-date was lower than last year and below the 2010 target of 97.5%. Delays caused by freight, track signals and train issues have been more prevalent than in 2009. WCE continues to work with CP to mitigate delays caused by increased freight movement.

Net operating cost per total vehicle kilometre was ahead of 2009 and target due to the additional 62,362 kilometres from the Olympic Games and five additional train cars in service from September 2010.

Overall mystery shopper score was 3.2% higher than the 2010 target and 3.8% over 2009, and the highest in five years. Successful train service during the Olympic Games and a continued customer focus have contributed to higher customer satisfaction. The addition of five new train cars helped address overcrowding and contributed to the positive rating.

Complaints per 10,000 boarded passengers have grown modestly prior to 2010. A new customer service database was introduced that better categorizes customer concerns and complaints. This resulted in a higher number of classified complaints for 2010 with a total of 445 customer complaints made during the year. The majority of the complaints were due to weather delays, train operating and track delays, fare/parking increases and customer feedback requesting more service. The addition of five extra train cars has addressed some of the concerns about service.

Mean distance between failures (MDBF) is the average number of revenue vehicle kilometres travelled between equipment failures that resulted in a terminus delay. A total of seven terminus delays from equipment failures occurred in 2010. The resulting MDBF of 189,350 was ahead of the target of 152,000 which was based on eight terminus delays from equipment failures. Most of the delays resulted from door problems on the newest train cars; this problem is being examined by Bombardier and the manufacturer of the door control module.

Major passenger injuries per million boarded passengers was 3.8% lower than the 2010 target, but higher compared to 2009. There were three passenger injuries reported in 2010 compared to nil in 2009. The injuries resulted from falls on stairs and escalators.

Property Tax, Rentals, Fare Media and Insurance

Financial Performance

(\$000's)							Budget Variance		Compound Annual Growth Rate 2006-2010
	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Fav./ (Unfav.)	%	
Insurance	\$ 4,319	\$ 4,390	\$ 4,411	\$ 5,617	\$ 6,972	\$ 7,318	\$ 346	4.7%	12.7%
Fare Media	2,328	2,216	2,303	2,469	2,437	2,850	413	14.5%	1.2%
Property Taxes	8,369	7,264	7,306	6,119	10,951	11,393	442	3.9%	7.0%
Property Rentals	12,635	13,287	14,601	16,393	16,166	16,701	535	3.2%	6.4%
Total Allocated	\$ 27,651	\$ 27,157	\$ 28,621	\$ 30,598	\$ 36,526	\$ 38,262	\$ 1,736	4.5%	7.2%

These are transit related costs administered by TransLink. Due to the integrated transportation system, these costs are best managed on a consolidated basis and then allocated to the appropriate subsidiary.

2010 Highlights and Trends

Insurance rates for 2010 were finalized in June, resulting in a favorable variance to budget of \$0.3 million (4.7%). Insurance cost increases have been held to below inflation since 2006. The increase in 2009 and again in 2010 is due to Canada Line going into operation.

Fare media costs are \$0.4 million (14.5%) under budget resulting from negotiated reductions in fare media costs and increased administration fees collected for pass programs. Fare media costs are closely monitored and renegotiated regularly with volumes increasing moderately. As a result, costs over five years have been kept under inflation.

Property taxes are \$0.4 million (3.9%) under budget. Actual property tax assessments were lower than the anticipated 5% increases expected over 2009. TransLink's Properties Management department appeals tax assessments on a regular basis in an effort to reduce the impact of property taxes on the budget. Property taxes increased in 2010 mainly due to the addition of the Canada Line.

Property rentals were \$0.5 million (3.2%) below budget as the impact of the HST rebate reduced the cost of the WCE rolling stock lease by \$0.4 million. The balance of the favorable variance was from a net tenant improvement allowance received for CMBC's Gateway and Surrey Central offices of \$0.3 million offset by the cost of the Oakridge Transit Center modular trailers not budgeted for (\$0.2 million). As depot space became very limited, it was necessary to use the Oakridge Transit Center as a home base for the Vancouver, Burnaby and Richmond Community Shuttle vehicles and administration office. It was more economical to use modular trailers rather than making renovations to the existing administration building on site. Property rental costs had a compound annual growth rate of 6.4% over the last five years. These costs were governed by long term contracts and the number of rental properties has increased. Net tenant improvements for the new Surrey Central City 23rd floor location were \$0.9 million. Also in 2010, additional property was secured at the Vancouver Transit Centre (annual cost of \$0.4 million) to provide additional bus parking.

TransLink

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Board, Mayors' Council, Commissioner	\$ 364	\$ 508	\$ 1,654	\$ 1,620	\$ 1,450	\$ 1,630	\$ 180	11.0%	41.3%
Corporate (Division & General)	28,161	29,498	36,529	37,544	35,162	36,825	1,663	4.5%	5.7%
Studies	2,643	1,791	13,697	6,222	4,491	3,857	(634)	(16.4%)	14.2%
Other One-Time Projects	4,085	2,636	1,327	2,053	15,093	15,684	591	3.8%	38.6%
Real Estate Holding Costs	-	-	-	517	1,034	1,329	295	22.2%	n/a
Operational Costs	-	-	-	338	451	380	(71)	(18.7%)	n/a
Capitalization of Direct Salary Costs on Capital Projects	-	-	-	-	(1,180)	(2,600)	(1,420)	(54.6%)	n/a
Corporate Total	\$ 35,253	\$ 34,433	\$ 53,207	\$ 48,294	\$ 56,501	\$ 57,105	\$ 604	1.1%	12.5%
Provision for Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,196	11,196	100.0%	n/a

2010 Highlights and Trends

Corporate Total - \$0.6 million Favourable

The 2010 actual expenditures for TransLink Corporate were \$56.5 million, \$0.6 million (1.1%) under budget and \$8.2 million over 2009. This increase was a net result of the one-time Olympic Games transportation delivery costs in 2010 and a reduction in studies and discretionary costs in TransLink Divisions.

Total TransLink costs have increased by \$21.3 million (60%) since 2006 with a compound annual growth rate (CAGR) of 12.5%. Excluding the Olympic Games costs recorded here (\$13 million); the CAGR was 5.5% with most of the increase mainly due to additional labour costs and the change in governance in November 2007. The updated legislation also required additional resources for developing fully funded 10-year plans (reduced to three-year funded plan with seven-year outlook in 2010) annually.

Board, Mayor's Council and Commissioner expenditures were under budget by \$0.2 million (11%), due primarily to lower costs for the Commissioner and the Mayor's Council. The new governance structure introduced in 2008 increased costs by over \$1.0 million.

Corporate (Division and General) was \$1.7 million (4.5%) under budget. Most of the savings in salaries were related to delays in filling staff vacancies throughout the organization. In addition, certain planning programs and road infrastructure projects could not be started in 2010 due to a shortage of internal resources. As a result, some projects have been deferred to 2011. Several jointly funded transit planning studies with other agencies did not proceed in 2010. In addition, re-organization and cost containment measures on discretionary spending were carried out throughout the year. The growth in TransLink corporate expenditures in 2008 was due to increase in consulting marketing and communications resources to support the development of Transport 2040 and the 2009 10-Year Transportation and Financial Plan.

Studies were over budget by \$0.6 million (16.4%). The variance was mainly in feasibility studies for capital projects. The overage at the end of the year was due primarily to the write-off of the Pattullo Bridge Functional Design Study. TransLink's studies were significantly higher in 2008 than other years due to the write-off of \$7.9 million of the Evergreen Line feasibility studies. In 2009, \$3.0 million was incurred for the 2010 10-year plan consultation and development.

One-time projects were under budget by \$0.6 million (3.8%). The favourable variance resulted from the Canada Line projects pertaining to the establishment of the trolley overhead wires and lower than anticipated costs for the Federation of Canadian Municipalities Loan projects. Approximately \$13 million in Olympic Games costs were recorded in this account for 2010.

Real estate holding costs were under budget by \$0.3 million (22.2%). TransLink was exempt from property tax payment on the Golden Ears Bridge properties.

Operational costs for ITS Roadway Operations were over budget by \$0.1 million (18.7%) due to higher technology support costs.

Capitalization of salary costs on capital projects was \$1.4 million unfavourable to budget. In 2010, TransLink adopted a policy to capitalize salaries directly attributable to capital projects. Labour capitalization costs were \$1.2 million compared to a budget of \$2.6 million. No adjustment to prior year amounts have been made as the prior period impact was not significant. The original budget included administrative and managerial staff, while the actual amounts eliminated the managerial and administrative amounts, capitalizing only those positions directly involved in capital projects.

Provision for Corporate Contingencies - \$11.2 million Favourable

The Corporate Contingency budget of \$10 million was increased by \$1.68 million in the first quarter resulting from corporate-wide savings of the organizational re-alignment, of which \$1.34 million came from TransLink Corporate (Divisions and General) and \$0.34 million from CMBC administration. In the third quarter, TransLink's Executive Committee approved the allocation of a contingency budget to support the U-Pass BC program implementation and the parking tax implementation, leaving a balance in the contingency budget of \$11.2 million.

Transit Police

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Admin	\$ 1,528	\$ 1,866	\$ 2,484	\$ 2,942	\$ 3,506	\$ 3,201	\$ (305)	(9.5%)	23.1%
Operations	941	1,282	1,910	3,213	1,752	1,515	(237)	(15.6%)	16.8%
Salaries	10,383	14,857	17,789	20,997	23,825	24,855	1,030	4.1%	23.1%
Recoveries	(3)	(104)	(132)	(385)	(1,879)	(1,191)	688	57.8%	400.3%
Total Police	\$ 12,849	\$ 17,901	\$ 22,051	\$ 26,767	\$ 27,204	\$ 28,380	\$ 1,176	4.1%	20.6%
FTE's	123	151	188	222	228	233	5	2.1%	16.7%

2010 Highlights and Trends

Key accomplishments include the implementation of a comprehensive operational plan for transit police service delivery during the Olympic Games, the launch of explosive scent detection police dog pilot project and transitioning a new operational deployment to the bus system. A significant increase in costs was experienced from 2007 to 2009 largely due to additional staffing costs related to building organizational capacity and new policing requirements for the Canada Line, facility renovations and opening of the Bridgeport reporting office.

Transit Police was \$1.2 million or 4.1% under budget for 2010. Expenditures increased by only 1.6 % over 2009 as TransLink set budget cost reduction targets for 2010.

Administration costs were \$0.3 million (9.5%) over budget largely due to legal costs associated with Police Act investigations required under the new Police Act. Legal costs are expected to rise in the future to indemnify sworn members being investigated under this act. Actual legal costs increased from \$19,000 in 2009 to \$180,000 in 2010. In order to mitigate these costs, training and supervision of sworn members will be crucial.

Operations costs were \$0.2 million (15.6%) higher than budgeted as a result of additional equipment purchases relating to the Olympic Games, extra janitorial costs and additional repair maintenance costs.

Salaries budget reductions were achieved by deferring the hire of seven positions approved in 2009 and by reducing overtime costs totaling \$1.0 million.

Recoveries of Olympic Games-related costs of \$0.6 million beyond what was budgeted were transferred by TransLink, and an additional \$0.1 million of salary costs was recovered from the RCMP Tactical Support Group.

Interest Expense - \$17.3 million Favourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Interest Expense	\$ 37,653	\$ 38,145	\$ 63,414	\$ 78,141	\$ 95,867	\$ 113,184	\$ 17,317	15.3%	26.3%

2010 Highlights and Trends

The budget assumed a \$250 million long-term debt issue (via the Municipal Finance Authority (MFA) in January 2010, another \$150 million in April 2010 and \$115 million in October 2010 at an anticipated rate of 5.1% to 5.5%. The actual results include a combination of short-term commercial paper borrowing of up to \$500 million at effective rates below 2% and a \$300 million long-term bond issue (outside MFA) on November 2, 2010 at 3.882%.

Delays in capital spending have also contributed to the need for lower overall financing of capital spending in 2010.

Reduced reliance on the MFA will allow a better matching of the debt term to the life of assets and the ability to fix interest rates out for longer periods through longer term fixed interest debt issues. Through prudent debt management and hedging strategies, this expense item can also be maintained below targeted levels. These targets are conservative. The largest risk is unanticipated increases in interest rates.

Depreciation Expense - \$4 million Favourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Depreciation Expense	\$ 9,761	\$ 11,753	\$ 8,455	\$ 12,646	\$ 10,251	\$ 14,264	\$ 4,013	28.1%	1.2%

2010 Highlights and Trend

The funded depreciation represents depreciation on short-lived assets only (generally assets with economic lives less than 10 years). Depreciation on longer-lived assets is funded with long-term debt and senior government contributions and is part of the debt costs in fund accounting. Fewer capital additions were recorded than anticipated in 2010. Funded depreciated expense was \$4.0 million (2.8%) favourable to budget in 2010.

These assets, which are primarily Community Shuttles and HandyDart vehicles, have been averaging longer service lives than the five-years over which they are being depreciated. This means that they are fully depreciated before they are replaced.

The dip in 2008 reflected a funding adjustment recognizing that a portion of short-lived assets going back to 2006 were funded with senior government contributions that should have been credited to the assets and thus should not be amortized through the funded statement.

Debt Repayments - \$18 million Favourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Debt Repayments	\$ 52,833	\$ 66,794	\$ 70,491	\$ 79,410	\$ 82,627	\$100,593	\$ 17,966	17.9%	11.8%

2010 Highlights and Trend

The 2010 budget assumed \$515 million in new long-term debt being raised in three tranches in 2010. Only \$300 million was actually borrowed on November 2, 2010. This reflected delays in capital spending and portions of the capital spending being funded through commercial paper borrowings.

In spring 2010, TransLink launched a \$500 million commercial paper program fully backstopped by a line of credit. This has greatly improved the organization's cash management program.

During the budgeting process, it was not anticipated that TransLink would have a \$500 million commercial paper program; instead the funds for capital spending would come from the issuance of long-term debt. Having access to a higher short-term borrowing program has given the organization more borrowing flexibility to efficiently fund operating and capital spending. However, this short-term borrowing program is meant only to bridge financing for any capital spending that will ultimately be refinanced with long-term debt.

A \$300 million inaugural bond issue was launched in the fall. This was a very important milestone to financial independence for the organization.

Maintaining credit rating agency and investor confidence in TransLink as a financially strong and healthy organization is key to the continued success of this program. TransLink's track record and strong governance help to effectively mitigate this challenge.

An increase in long-term debt to fund expansion was the main driver of the increases since 2006; under the 2011 Funding Stabilization Update plan, this cost will level off and start to decline in 2017. Plans are conservative, so this cost should remain below target.

The increased flexibility of the financing options now available will help the organization better match debt term to the life of assets. Up to now, the organization has had limited access to longer term fixed rate financing. Longer term fixed rate financing will be more fully explored in the near future.

Golden Ears Bridge Capital Payments - \$1.1 million Unfavourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
GEB Capital Payments	\$ -	\$ -	\$ -	\$ 4,392	\$ 30,439	\$ 29,299	\$ (1,140)	(3.9%)	n/a

2010 Highlights and Trend

The actual results were \$1.1 million (3.9%) unfavourable to budget as the budget was based on cash flow whereas the actual included some accruals. In addition, monthly payments were subject to CPI calculations and some variances from forecast existed.

Golden Ears Bridge opened for service in mid 2009, and included six months of payments that year. Payments were sculpted upwards over the first five years of operation to match the projected revenue growth from tolls and minimize the cash flow draw on TransLink. Currently, traffic volumes are lagging the projections used to sculpt the payments.

OTHER - \$6.7 million Unfavourable

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Re-organization costs	-	-	-	3,100	2,000	n/a	(2,000)	-	n/a
Loss on disposals	128	888	1,138	1,120	4,646	n/a	(4,646)	-	n/a

2010 Highlights and Trends

Re-organization Costs - \$2 million

Re-organization commenced in 2009. This process continued into 2010 and the total expense was \$2 million. The goal of the re-organization is to align the entire TransLink family under a single mission and vision to achieve increased efficiency and effectiveness to better serve our customers.

Loss on Disposal - \$4.6 million

This represented the net book loss on disposal of transit vehicles.

3. PACIFIC VEHICLE TESTING TECHNOLOGIES (AIRCARE)

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
Revenue	\$ 21,278	\$ 15,975	\$ 19,037	\$ 17,497	\$ 19,549	\$ 20,473	\$ (924)	(4.5%)	(2.1%)
Expenditures									
Variable	\$ 21,590	\$ 15,701	\$ 16,029	\$ 16,328	\$ 16,810	\$ 16,828	\$ 18	0.1%	(6.1%)
Semi-Variable/Fixed	1,914	1,464	1,370	1,512	1,650	2,186	536	24.5%	(3.6%)
Depreciation	2,706	195	339	371	377	512	135	26.4%	(38.9%)
Total	\$ 26,210	\$ 17,360	\$ 17,738	\$ 18,211	\$ 18,837	\$ 19,526	\$ 689	3.5%	(7.9%)
Surplus / (Deficit)	\$ (4,932)	\$ (1,385)	\$ 1,299	\$ (714)	\$ 712	\$ 947	\$ (235)	(24.8%)	-
Previous Y/E Operating Balance	\$ 4,596	\$ (336)	\$ (1,721)	\$ (422)	\$ (1,136)	\$ (1,136)	\$ -	-	-
Ending Operating Balance	\$ (336)	\$ (1,721)	\$ (422)	\$ (1,136)	\$ (424)	\$ (189)	\$ (235)	124.3%	-

Key Performance Indicators

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Target
Complaints per 10,000 vehicles inspected	n/a	n/a	7.9	5.8	5.4	n/a

2010 Highlights and Trends

For 2010, AirCare had a surplus of \$0.7 million compared to the budgeted \$0.9 million surplus. Under the South Coast British Columbia Transportation Authority Act, the AirCare program must recover all of its costs over the five-year contract period. Surpluses and deficits may occur in any one-year.

Revenue was \$0.9 million (4.5%) below the projected budget, due to fewer \$45 inspections in the mix.

Total revenues since 2006 have decreased by \$1.7 million (98,602 tests) as a result of fewer vehicles being presented for inspection than initially predicted during the budgeting process. Unforeseen circumstances such as the 2008 economic downturn may have affected long-term trends for vehicle fleet turnover and household decisions about the number of vehicles they own and operate, resulting in a shortfall from expected test volumes.

Expenditures were \$0.7 million (3.5%) below budget. The majority of this favourable variance was the result of administration cost saving and spending less on budgeted capital thereby reducing depreciation costs. The staff headcount was reduced by one in 2010.

Expenses in 2010 have decreased by \$7.4 million compared to 2006. AirCare III began in 2007. Under this five-year program, exemptions were expanded, reducing the required number of inspections and decreasing the cost of the program. Administration costs have decreased since 2007 as a result of a headcount reduction of five fulltime-equivalent positions at Pacific Vehicles Testing Technologies, helping to offset the shortfall in revenues.

Staff has completed Phase 1 of the AirCare IV review and initiated the decision-making process involving Metro Vancouver, Fraser Valley Regional District and the Province. While awaiting confirmation by government, work will need to proceed with the development of program design and technical specifications, leading to a competitive bid process for a new service contract to take effect in 2012. If confirmed, TransLink will negotiate a new contract (AirCare IV) with a qualified service provider in 2011.

Changes in vehicle technology will result in a less expensive program in the future, creating an opportunity to recover previous years' losses in the first year or two of the new contract. Later, a reduction in the fees charges to motorist is likely while maintaining revenue neutrality until the end of the contract term.

4. CAPITAL EXPENDITURES – TRANS LINK

ACTIVE TRANS LINK CAPITAL PROJECTS STATUS SUMMARY

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Summary of Active Projects at December 31, 2010

Projects by Classification (000's)	Active Projects	Actual Costs to Date	Final Forecast Project Total ²	Project Budget Total	Variance To Project Total
ALL DIVISIONS¹					
Equipment	15	62,538	85,033	86,191	1,158
Facilities	19	79,755	121,768	135,056	13,289
Infrastructure	24	97,401	403,243	418,597	15,354
Major Construction Projects	3	580,162	581,830	581,993	163
Minor Capital Account	14	1,380	2,199	2,644	445
Technology Applications	18	9,325	28,590	29,225	634
Vehicles Conventional Revenue	15	724,885	737,804	779,060	41,256
Vehicles Other Revenue or Non Revenue	3	7,073	15,017	16,082	1,065
Subtotal	111	1,562,519	1,975,483	2,048,849	73,366

¹ Inclusive of subsidiary capital

² Breakdown per period:

Prior to 2010 actual costs:	1,415,291	Projects at the start of 2010:	118
2010 actual costs:	147,228	Added:	47
Actual Costs to-date	1,562,519	Closed:	(54)
Forecasted costs to 2013:	412,964	Active Projects at end of 2010:	111
Final Forecast Project Total:	1,975,483		

Equipment: Variance of \$1.2 million

West Coast Express Ticket Vending Machines Replacement (project 0443) is expected to be under budget by \$0.9 million as follows:

- \$0.7 million of savings in the contract award.
- \$0.2 million of contingency remained unused.

Facilities: Variance of \$13.3 million

SkyTrain Operations and Maintenance Centre Expansion (project 0520) is expected to be under budget by \$11.1 million primarily due to:

- \$2.8 million due to favourable market conditions at the time of contract award for design and construction.
- \$4.5 million due to savings in vehicle yard construction costs.
- \$3.3 million due to unused overall project contingency.

Infrastructure: Variance of \$15.4

The SkyTrain Dunsmuir Tunnel Drainage Modifications (project 0616) is expected to be under budget by \$1.4 million primarily due to the following:

- \$0.9 million in savings from competitive tender prices secured on the construction work.
- \$0.3 million of unused contingency.

The Canada Line Bus Loops (project 0620) is expected to be under budget by \$5.0 million primarily due to:

- \$2.1 million of the project budget remains unused as the Brighthouse bus loop was cancelled.
- \$2.6 million of unused contingency.

The Pattullo Bridge Scour Protection Design (project 0707) is expected to be under budget by \$0.8 million due to:

- \$0.3 million in savings from competitive tender prices secured on construction work.
- \$0.2 million of savings on consultant, project management and interest during construction (IDC) costs.
- \$0.5 million of unused contingency.

The first phase of the Broadway SkyTrain Station Upgrade (project 0830) is expected to be under budget by \$4.5 million primarily due to:

- \$1.0 million of savings in contract award due to the downturn of the construction industry.
- \$2.2 million of unused contingency.
- \$0.8 million of cost savings resulting from supervision expenditures being lower than anticipated.

The Port Coquitlam Transit Centre (PCTC) Compressed Natural Gas (CNG) Bus Fueling Station Infrastructure Renewal (project 0805) is expected to be under budget by \$0.9 million primarily due to:

- \$0.9 million in contract award savings.

The Kingsway Trolley Overhead Rectifier Building Envelope Rehabilitation (project 1003) is expected to be under budget by \$0.7 million primarily due to:

- \$0.2 million in contract award savings for design services.
- \$0.4 million of unused contingency

Vehicles – Conventional Revenue: Variance of \$41.2 million

\$2.9 million related to the expansion of 34 additional MK II SkyTrain vehicles (project 0628) is expected to be under budget primarily due to:

- \$0.4 million of unused vehicle contingency.
- \$1.5 million cost savings in vehicle testing as these costs were charged directly to the vendor.
- \$0.4 million of unused budget related to setup and implementation.
- \$0.3 million budget for IDC was unused mainly due to external funding.
- \$0.2 million of unused budget related to project management costs.

\$7.8 million related to the 69 standard 40' Diesel buses and seven articulated 60' hybrid buses (project 0710) is expected to be under budget primarily due to:

- \$3.5 of savings in contract awards due to favourable market conditions.
- \$1.0 million of special equipment costs were built into the bus unit price on the 40' contract so a separate budget was not required.
- \$2.0 million of unused vehicle contingency.

\$9.7 million related to the 109 standard 40' hybrid Nova buses (project 0714) is expected to be under budget primarily due to:

- \$5.8 million of savings resulting from a lower contract price for the 40' hybrids.
- \$2.8 million of unused vehicle contingency.

\$4.2 million related to the 56 standard 40' diesel buses & 21 60' Artic hybrid buses (project 0802) is expected to be under budget primarily due to:

- \$1.7 million of savings resulting from lower contract prices for the 60' Artic hybrids bus contract and the 40' standard diesel bus contract.
- \$1.8 million of unused vehicle contingency.

\$1.6 million related to the 11 articulate 60' hybrid spares (project 0808) is expected to be under budget primarily due to:

- \$0.6 million of savings in the contract award for the 60' hybrids due to favourable market conditions.
- \$0.6 million of unused vehicle contingency.

\$3.6 million related to the expansion of 14 additional MK II SkyTrain vehicles (project 0814) is expected to be under budget primarily due to:

- \$0.8 million of unused contingency.
- \$0.4 million of the budget for testing was not required, as this was covered by the vendor.
- \$0.3 million of unused budget for factory audits.
- \$2.1 million budget for IDC was unused mainly due to external funding.

\$4.9 million related to the expansion of 34 articulated trolley buses and upgrades to the Vancouver Transit Centre (under project 0822) is expected to be under budget primarily due to:

- \$1.1 million of savings in the contract price for the Artic trolleys due to a favourable Euro exchange rate.
- \$1.1 million of vehicle contingency was not required due to minimal changes to the bus design and vehicle unit price.
- \$1.3 million in IDC savings mainly due to external funding.
- \$0.7 million cost savings due to lower individual sub-component and material costs through bulk purchasing by combining the 2009 hybrid and diesel bus orders.

\$2.2 million related to the 32 standard 40' hybrid Nova buses (project 0824) is expected to be under budget primarily due to unused vehicle contingency.

\$1.6 million related to the expansion of 20 additional Community Shuttle vehicles (project 0831) is expected to be under budget primarily due to:

- \$0.8 million of materials and installation cost savings due to the fact that fewer fare boxes and radios were required.
- \$0.3 million in cost savings due to the overall vehicle contract price being lower than budget.
- \$0.2 in vehicle contingency not being required since favourable pricing was secured on the vehicle contract.

\$0.8 million related to the Bus Technology Demonstration (project 9092) due to recoveries from vendor, which were not reflected in the project's budget at project initiation.

\$1.5 million related to the West Coast Express Fleet and Facility Expansion (project 0914) coming under budget primarily due to unused contingency.

Vehicles – Other Revenue: Variance of \$1.1 million

The replacement of 30 and expansion of 25 HandyDART vehicles (under project 0818 and 0819) are expected to be under budget primarily due to:

- \$0.6 million in contract award savings due to favourable pricing.
- \$0.4 million of unused vehicle contingency.

CAPITAL INFRASTRUCTURE CONTRIBUTIONS: \$11.6 MILLION UNFAVOURABLE TO BUDGET

Capital infrastructure contribution is an expenditure for financial statement reporting purposes. It is not shown on the funding revenue and expenditure statement as the expenditure is financed by long-term debt and removed as a funding adjustment. However, it is a significant component of TransLink's finances and included here.

Financial Performance

(\$000's)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Budget Variance		Compound Annual Growth Rate 2006-2010
							Fav./ (Unfav.)	%	
MRN - Major Capital Projects	\$48,055	\$12,480	\$48,708	\$8,265	\$22,520	\$26,765	\$4,245	15.9%	(17.3%)
MRN - Minor Capital Projects	3,218	15,655	14,648	5,544	28,788	34,042	5,254	15.4%	72.9%
Bicycle Infrastructure Capital Cost Sharing	549	1,103	1,354	1,941	1,159	2,200	1,041	47.3%	20.5%
GEB Municipal Handover	-	-	-	100,998	-	-	-	-	n/a
Evergreen Line - Capital Contributions	-	-	-	-	22,157	-	(22,157)	-	n/a
GAAP Budget	\$51,822	\$29,238	\$64,710	\$116,748	\$74,624	\$63,007	(\$11,617)	(18.4%)	9.5%
Funding Adjustment	(51,822)	(29,238)	(64,710)	(116,748)	(74,624)	(63,007)	11,617	(18.4%)	9.5%
Funded Budget	-	-	-	-	-	-	-	-	-

2010 Highlights and Trend

The largest part of the 2010 variance relates to the payment of TransLink's one-third share of the design and project development costs for the Evergreen Line project. The Evergreen Line amounts were expensed as the project funding agreement was not concluded and no specific assets or revenue granted to the TransLink at this time.

TransLink has provided capital funding of \$35 million for major road capital projects and \$20 million for minor road capital projects annually. The municipalities control when the work is done, and provide TransLink with an invoice when the project is completed. Due to this process, it is extremely difficult for TransLink to predict the timing of projects and when the funding will be required.

In late 2009, TransLink reached an agreement with the municipalities through the Major Roads & Transportation Advisory Committee (MRTAC) that MRN Minor Capital contribution agreements would be valid for only four years, with no extensions. This should lead to greater certainty in the timing of capital funding payments in future.

The Funding Stabilization Update three-year plan for 2011-2013 reduces the funding for minor road capital projects to \$10 million per year and does not include funding for major road projects beyond those already under way except for the United Boulevard Extension project. TransLink is currently exploring options to advance the United Boulevard Extension project in 2011.

APPENDIX 1 FINANCIAL RESULTS

TransLink (Excluding AirCare) 2010 Revenue and Expenditures (On a Funding Basis) \$000's

	2006	2007	2008	2009	2010	2010	Budget Variance		Compound
(\$ thousands)	Actual	Actual	Actual	Actual	Actual	Budget	Fav./ (Unfav.)	%	Annual Growth Rate 2006-2010
Revenues									
Transit	309,625	327,761	359,911	366,735	437,896	436,003	1,893	0.4%	9.1%
Golden Ears Bridge Tolls	-	-	-	11,293	29,580	29,028	552	1.9%	n/a
Real Estate	-	-	-	33	-	-	-	-	n/a
Taxation									
Fuel	264,326	267,637	262,298	259,820	323,212	319,450	3,762	1.2%	5.2%
Property	240,582	246,891	255,741	264,092	271,760	271,060	700	0.3%	3.1%
Hydro Levy	17,189	17,566	17,913	18,245	18,618	18,424	194	1.1%	2.0%
Parking Sales	11,500	14,750	15,400	15,600	58,419	46,267	12,152	26.3%	50.1%
Replacement Tax	20,341	21,789	8,758	17,995	17,837	18,000	(163)	(0.9%)	(3.2%)
Total Taxation	553,938	568,633	560,110	575,752	689,846	673,201	16,645	2.5%	5.6%
Interest Income	7,283	7,978	6,479	1,722	2,102	2,096	6	0.3%	(26.7%)
Senior Government Contributions	-	-	-	7,496	19,269	18,883	386	2.0%	n/a
Total Revenues	870,846	904,372	926,500	963,031	1,178,693	1,159,211	19,482	1.7%	7.9%
Expenditures									
Roads & Bridges									
Major Road Network Operations	29,553	30,024	31,154	31,318	33,042	34,731	1,689	4.9%	2.8%
Golden Ears Bridge Operations	-	-	-	6,145	11,202	13,447	2,245	16.7%	n/a
Albion Ferry	5,631	5,750	6,318	6,152	385	175	(210)	(120.0%)	(48.9%)
Total Roads & Bridges	35,184	35,774	37,472	43,615	44,629	48,353	3,724	7.7%	6.1%
Transit									
Bus Division									
Coast Mountain Bus Company	402,009	434,247	483,300	510,811	520,577	537,051	16,474	3.1%	6.7%
Access Transit	25,818	27,618	36,189	40,402	45,362	45,986	624	1.4%	15.1%
Other Contractors	12,600	13,709	14,847	16,461	17,555	17,863	308	1.7%	8.6%
Total Bus Division	440,427	475,574	534,336	567,674	583,494	600,900	17,406	2.9%	7.3%
Rail Division									
Expo & Millenium Lines	73,063	76,325	82,428	85,884	87,787	91,838	4,051	4.4%	4.7%
West Coast Express Commuter Rail	14,904	15,446	16,631	17,031	17,520	17,812	292	1.6%	4.1%
Canada Line *	-	-	-	31,688	83,584	87,300	3,716	4.3%	n/a
Total Rail Division	87,967	91,771	99,059	134,603	188,891	196,950	8,059	4.1%	21.1%
Property tax, rentals, fare media & insurance	27,650	27,157	28,622	30,598	36,525	38,262	1,737	4.5%	7.2%
Total Transit	556,044	594,502	662,017	732,875	808,910	836,112	27,202	3.3%	9.8%
TransLink	35,253	34,433	53,208	48,295	56,501	57,106	605	1.1%	12.5%
Provision for Contingency and Reinvestments	-	-	-	-	-	11,196	11,196	100.0%	n/a
Transit Police	12,849	17,901	22,051	26,767	27,204	28,380	1,176	4.1%	20.6%
Interest Expense	57,496	57,605	63,414	78,140	95,867	113,184	17,317	15.3%	13.6%
Depreciation Expense	9,761	11,753	8,454	12,647	10,251	14,263	4,012	28.1%	1.2%
Debt Repayment	52,833	66,794	70,491	79,410	82,627	100,593	17,966	17.9%	11.8%
GEB Capital Payments	-	-	-	4,393	30,439	29,299	(1,140)	(3.9%)	n/a
Total Operating Expenditures	759,420	818,762	917,107	1,026,142	1,156,428	1,238,486	82,058	6.6%	11.1%
Annual Surplus/(Deficit) before other items	111,426	85,610	9,393	(63,111)	22,265	(79,275)	101,540	128.1%	-33.1%
Other items									
Re-Organization Costs	-	-	-	(3,111)	(2,016)	-	(2,016)	(100.0%)	n/a
Loss on disposal of capital assets	(128)	(888)	(1,232)	(1,120)	(4,654)	-	(4,654)	(100.0%)	(345.6%)
Writedown of capital assets	-	-	-	-	-	-	-	0.0%	n/a
Gain/(Loss) on Foreign Exchange	-	-	-	-	8	-	8	100.0%	n/a
Annual Surplus/(Deficit)	111,298	84,722	8,161	(67,342)	15,603	(79,275)	94,870	119.7%	(38.8%)
Cumulative Funded Surplus	286,737	371,459	379,620	312,279	327,882	223,679	104,203	46.6%	3.4%

* Payment to the concessionaire covers its operating expenditures and capital repayments

APPENDIX 1 FINANCIAL RESULTS (continued)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(in thousands of dollars)

As at December 31, 2010, with comparatives for 2006-2009

	Total 2006	Total 2007	Total 2008	Total 2009	Total 2010
Assets					
Current assets:					
Cash	\$ 22,064	\$ 113,271	\$ 46,703	\$ 86,664	\$ 109,928
Short-term investments	108,311	172,354	127,665	70,441	114,607
Accounts receivable	55,594	56,791	52,864	66,617	197,551
Supplies inventory	29,998	33,832	32,577	33,196	36,335
Prepaid expenses	4,399	5,326	5,439	8,431	8,672
	220,366	381,574	265,248	265,349	467,093
Interfund	-	-	-	-	-
Long-term investments	21,171	71,355	67,155	22,789	20,509
Debt reserve deposits	30,336	37,595	40,686	40,631	40,857
Debt sinking funds	257,665	282,245	360,787	373,806	447,855
Capital assets	1,999,424	3,086,651	3,977,411	4,609,380	4,528,955
Other assets				-	1,975
	\$ 2,528,962	\$ 3,859,420	\$ 4,711,287	\$ 5,311,955	\$ 5,507,244
Liabilities and Fund Balances (Deficit)					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 200,224	\$ 168,257	\$ 159,160	\$ 249,787	\$ 203,658
Short term loan	-	-	-	151,000	90,000
	200,224	168,257	159,160	400,787	293,658
Employee future benefits	34,385	37,761	41,817	45,109	51,491
Deferred concessionaire credits	72,743	264,613	539,693	707,719	684,641
Golden Ears Bridge contractor liability	200,014	538,655	805,195	966,141	1,000,845
Long-term debt	1,238,775	1,674,987	1,822,677	1,896,152	2,173,943
Non-controlling interest in Transportation Property and Casualty Company Inc.	1,758	1,673	1,721	1,621	-
	1,747,899	2,685,946	3,370,263	4,017,529	4,204,578
Fund balances (deficit):					
Invested in capital assets	848,636	928,236	1,211,319	1,453,805	1,160,213
Externally restricted	44,960	106,555	131,318	130,425	178,825
Unrestricted (deficit)	(112,533)	138,683	(1,613)	(289,804)	(36,372)
	781,063	1,173,474	1,341,024	1,294,426	1,302,666
	\$ 2,528,962	\$ 3,859,420	\$ 4,711,287	\$ 5,311,955	\$ 5,507,244

APPENDIX 1 FINANCIAL RESULTS (continued)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows

(in thousands of dollars)

Twelve months ended December 31, 2010, with comparative figures for 2006-2009

	2006	2007	2008	2009	2010
Cash provided by (used for):					
Operations:					
(Deficiency)/excess of revenue over expenses	\$ 323,045	\$ 392,411	\$ 167,550	\$ (46,598)	\$ 8,240
Items not involving cash	68,219	77,242	94,701	145,826	184,358
Changes in non-cash working capital	97,419	(33,942)	(5,189)	76,555	(174,061)
	488,683	435,711	257,062	175,783	18,537
Investing:					
(Increase)/decrease in short-term investments	14,864	(64,043)	44,689	57,224	(44,166)
Decrease in long-term investments	(1,502)	(50,184)	100	44,366	2,280
(Increase)/decrease in debt reserve deposits	(3,488)	(7,259)	(3,091)	55	(226)
Net proceeds from disposal of capital assets	(5)	781	443	143	1,001
Payment on acquisition of non-controlling interest	-	-	-	-	(20)
Purchase of capital assets	(640,436)	(633,620)	(434,187)	(447,383)	(89,573)
	(630,567)	(754,325)	(392,046)	(345,595)	(130,704)
Financing:					
Short-term loan proceeds (net)	-	-	-	151,000	(61,000)
Golden Ears Bridge contractor contribution	50,000	-	-	-	-
Principal payments on capital leases	(6,580)	(11,171)	-	-	-
Issue costs on short-term financing	-	-	-	-	(2,634)
Long-term debt proceeds	150,000	527,000	150,000	165,600	318,320
Issue costs on long-term financing	(1,125)	(3,952)	(1,125)	(2,045)	(2,022)
Repayments on long-term debt	(30,848)	(76,869)	(1,917)	(17,442)	(21,362)
Contributions to debt sinking funds	(18,263)	(24,580)	(78,542)	(87,340)	(92,965)
Dividend paid to non-controlling interest	-	-	-	-	(2,906)
	143,184	410,428	68,416	209,773	135,431
(Decrease)/increase in cash	1,300	91,814	(66,568)	39,961	23,264
Cash, beginning of period	20,157	21,457	113,271	46,703	86,664
Cash, end of period	\$ 21,457	\$ 113,271	\$ 46,703	\$ 86,664	\$ 109,928
Supplementary information:					
Interest paid	\$ 70,252	\$ 77,258	\$ 91,629	\$ 104,335	\$ 124,254
Repayment of long-term debt through debt sinking fund	29,025	38,804	1,917	74,321	18,916
Canada Line concessionaire non-cash contribution	11,653	191,870	275,080	177,080	-
Golden Ears Bridge contractor non-cash contribution	150,014	338,641	266,540	133,270	-

APPENDIX 1 FINANCIAL RESULTS (continued)

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows

(in thousands of dollars)

Twelve months ended December 31, 2010, with comparative figures for 2006-2009

	2006	2007	2008	2009	2010
Items not involving cash:					
Amortization of capital assets	\$ 66,711	\$ 75,104	\$ 88,447	\$ 120,344	\$ 153,031
Amortization of capital assets charged to capital projects in progress	130	131	142	44	-
Amortization of bond discount	1,094	1,205	732	1,682	1,771
Amortization of debt issue cost	-	-	-	-	659
Amortization of deferred concessionaire credits	-	-	-	(9,053)	(23,078)
Interest accretion on contractor liability	-	-	-	27,676	34,704
Writedown of capital asset	-	-	-	4,113	11,312
Loss on disposal of capital assets	129	888	1,232	1,120	4,654
Non-controlling interest in income (loss) of TPCC	155	(86)	48	(100)	1,305
Fair value adjustment on financial instruments	-	-	4,100	-	-
	\$ 68,219	\$ 77,242	\$ 94,701	\$ 145,826	\$ 184,358
Changes in non-cash working capital:					
Increase in accounts receivable	\$ (9,379)	\$ (1,197)	\$ 3,927	\$ (13,753)	\$ (130,934)
Increase in supplies inventory	(3,402)	(3,834)	(3,962)	(619)	(3,139)
Increase in prepaid expenses	(6)	(927)	(113)	(2,992)	(241)
(Decrease)/increase in accounts payable and accrued liabilities	104,724	(31,360)	(9,097)	90,627	(46,129)
Employee future benefit payable	5,482	3,376	4,056	3,292	6,382
	\$ 97,419	\$ (33,942)	\$ (5,189)	\$ 76,555	\$ (174,061)

APPENDIX 1 FINANCIAL RESULTS (continued)

Reconciliation of Funded Balance per Financial Statements to Revenue and Expenditure Summary
As at December 31, 2010
(\$000)

	December, 31 2010	December, 31 2009
Fund Balance per Consolidated Financial Statements (GAAP)	\$ 1,302,666	\$ 1,294,426
<u>Capital Items</u>		
- Capital Contribution's Received	(1,408,835)	(1,281,461)
- Amortization of Deferred Concessionaire Credit	(32,131)	(9,053)
- MRN Capital funding	390,467	315,843
- Debt Service Costs in excess of Amortization	16,509	(36,803)
- Interests on GEB Liability, net of capital payments	63,966	30,366
<u>Non-Transit Operating Results</u>		
- 90% share of TPCC earnings	(15,726)	(12,711)
- AirCare	424	1,135
<u>Other Items</u>		
Foreign Exchange Loss	10,542	10,536
Unrestricted Cumulative Funded Surplus	<u>\$ 327,882</u>	<u>\$ 312,279</u>

APPENDIX 2:

**RECONCILIATION: AUDITED FINANCIAL STATEMENTS GENERAL FUND WITH
REVENUE AND EXPENDITURE REPORT
Year Ending December 31, 2010**

Reconciliation : Audited Financial Statements with SCBCTA Act, Section 7(7)

The purpose of this schedule is to provide a reconciliation between Excess revenue over expenses as reported in accordance with GAAP and accumulative surpluses in accordance with the SCBCTA Act

	(\$000)	
	<u>Per Reports</u>	<u>Notes</u>
Consolidated Statement of Operations:		
Excess revenue over expenses, General Fund	263,345	A
Adjustments:		
Debt services cost	(206,827)	B
Amortization of capital assets with a useful life of <6 years (not funded by long term debt or government contributions)	(10,263)	B
Amortization of Deferred Concessionaire Credit	(23,078)	B
Loss on disposal	(4,654)	B
Administrative costs on capital contributions	96	B
Remove Effect of TPCC	<u>(3,016)</u>	C
Surplus (Deficit) per Revenue and Expenditure Report	<u>15,603</u>	

Notes

- A As reported in Consolidated Statement of Operations (Audited)
- B These items are adjustments in accordance with the SCBCTA Act
- C TPCC net income/loss is not a determinant of accumulated surplus